CITY OF SOUTHLAKE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

City of Southlake, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025

As Prepared by:

The Finance Department

Sharen Jackson, CPA, Chief Financial Officer

Nicole Bradshaw, CPA, Deputy Director of Finance

City of Southlake

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
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Introductory Section

Finance Department

February 23, 2026

To the Honorable Mayor, Councilmembers, and Citizens of the City of Southlake, Texas:

It is with pleasure that we submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Southlake for the fiscal year ended September 30, 2025. This report was prepared by the Finance Department in accordance with the Southlake Charter, statutes, and generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read this report and take the opportunity to discuss some of the important items it addresses.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations fairly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Weaver & Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2025. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal, and the two should be read in conjunction with each other.

PROFILE OF SOUTHLAKE

General Information

Although Southlake has been a high-growth community for years, when the first settlers arrived in 1845, they found only a vast area of land and trees where the Grand Prairie and Cross Timbers merged. As the site of the first permanent settlement in Tarrant County, a portion of present-day Southlake was homesteaded in 1866, which consisted of 360 acres. Keeping with the time, the primary industry was agriculture. Farmers grew peanuts, grains, and cotton, and families raised their own livestock.

The area that would become Southlake remained a rural farming community for more than 100 years until the U.S. Army Corps of Engineers built Lake Grapevine in 1952. The lake spurred much of the area's early growth and was the beginning of dramatic change. The city was officially incorporated on September 25, 1956, by a public vote of 30 in favor and 24 against. The original city contained 1.62 square miles and had a population of just over 100. The residents chose to call this new town Southlake because it was… south of Lake Grapevine! The Southlake Fire Department was launched in 1965, and the first piece of fire equipment was a 1950 Diamond T-Military unit with a tank capacity of 1,000 gallons and an auxiliary pump. The first police chief was hired in 1966, and the city purchased its first patrol car in 1967.

The opening of the Dallas-Fort Worth International Airport in 1974 served as the next catalyst of growth in the area. Southlake residents adopted a home-rule charter in April 1987, which created the current council-manager form of government. Six Council Members and a Mayor are elected at large on a nonpartisan basis for staggered three-year terms. However, the most crucial event in bringing residential subdivision development to Southlake was the completion of water and sewer lines in the city's southern portion in the early 1990s.

By the 2000s, Southlake had become a boom-burb, with the population tripling to almost 22,000, and was well known for its picturesque countryside, exemplary school district, and luxury neighborhoods. Today, the City's population is just over 33,000 and is estimated to reach just over 34,000 residents by the year 2050.

Since then, much like the area's first settlers were attracted to the area with its endless possibilities, Southlake has continued attracting the suburban settlers desiring a high quality of life and the small-town charm preserved from Southlake's past.

Services Provided

The City provides a full range of municipal services established by statute or charter, including providing police, fire and ambulance services, planning, zoning and development services, engineering, streets and storm drainage, infrastructure, construction and maintenance, parks operations and maintenance, recreation programming and facilities, library services, and other general administrative services.

Water and sewer services and solid waste collection are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments of outstanding debt.

City of Southlake Strategy Map
The mission of the City of Southlake is to provide municipal services that support the highest quality of life for our residents, a supportive environment for local businesses, and unique and special experiences for visitors.
INTEGRITY
INNOVATION
TEAMWORK
EXCELLENCE
ACCOUNTABILITY
We deliver on Our Focus Areas
Safety & Security
Infrastructure & Development
Partnerships & Volunteerism
Performance Management & Service Delivery
We Serve Our Customers
We do this by
C1 Delivering outstanding customer experiences through innovation, passion, and a strong culture.
C2 Enhancing the sense of community by proactively creating opportunities for community partnerships, volunteer involvement, and citizen engagement.
C = Customer Objectives
We Provide Financial Stewardship
We do this by
F1 Safeguarding the public trust through a commitment to thoughtful planning and responsible, conservative financial management.
F2 Investing to provide & maintain high quality public assets.
F = Financial Objectives
We Manage The Business
We do this by
B1 Achieving strong outcomes through continual evaluation and pursuit of better practices that improve core business operations.
B2 Collaborating with select partners to implement service solutions
B3 Maintaining an environment of future readiness by understanding and acting upon the forces, trends, and coming challenges affecting services.
B = Business Objectives
We Promote Learning & Growth
We do this by
L1 Defining and managing a professional workplace culture that supports City values and promotes a positive employee experience.
L2 Fostering positive employee engagement.
L3 Attracting, developing & retaining a talented and motivated workforce for lasting world-class performance.
L = Learning & Growth Objectives

Budgetary Information

Annual budgets are legally adopted by the City Council prior to October 1, the beginning of the fiscal year, for all City operating funds. Although formal budgetary integration is not employed for proprietary funds, the City does adopt an annual budget for those funds for managerial control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police services). The City Manager may transfer budgeted funds within a department, as appropriate. Transfers of funds from one department to another or re-estimating revenues or expenditures must have City Council approval.

Component Units

The financial reporting entity includes all the funds of the primary government, as well as all its component units in accordance with GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Reporting Entity."* Component units are legally separate entities for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City's financial statements include the following blended component units:

The Southlake Parks Development Corporation ("SPDC") was formed in January 1994 pursuant to a successful election in November 1993 to adopt an additional half-cent sales tax for park and recreation facility development. SPDC is organized exclusively to act on behalf of the City for the financing, development, and operation of parks and recreation facilities.

Also included in this report is financial information for the Southlake Crime Control and Prevention District (the "District"). In November 1997, voters approved an additional half-cent sales tax for Crime Control and Prevention initiatives. The District is organized exclusively to act on behalf of the City for the financing, development, and crime control throughout the City.

In May 2015, Southlake voters overwhelmingly approved the reallocation of a portion of the District's half-cent sales tax for the purpose of constructing and operating a recreation center through the Southlake Community Enhancement and Development Corporation ("CEDC"). The District's half-cent sales tax was reduced to a one-eighth-cent tax, and the remaining three-eighths was reallocated to address recreational and economic development needs for the City, as permitted by State law, through CEDC.

This report also includes financial information for the Tax Increment Financing District (the "TIF"), which was created in 1997 to encourage quality commercial growth. The TIF was formed to finance and make public improvements under the authority of the Tax Increment Financing Act.

Additional information on these legally separate entities can be found in the notes to the financial statements (see Note 1).

ECONOMIC CONDITION AND OUTLOOK

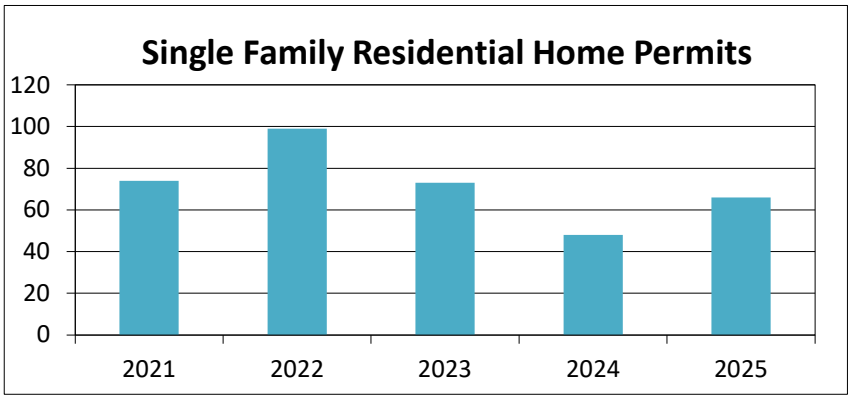
The City is in a prime location in Northeast Tarrant County, 5 minutes west of Dallas/Fort Worth International Airport and 10 minutes east of the Alliance Airport, a commercial aviation and industrial complex in north Fort Worth. State Highway 114, FM 1709, and FM 1938, the regional road arterials, serve the City.

The City of Southlake is currently 94% developed and made up of over 3,300 businesses, including 65 new businesses for FY 2025. Businesses from many industries, including professional, scientific, and technical services, healthcare and social services, hospitality, retail, and banking and financial services, have come together to make Southlake a full-service business community.

Sabre, home of Travelocity.com, is the City's largest employer, with approximately 1,900 employees. Carroll I.S.D. and Charles Schwab are the next most significant employers, with approximately 1,600 and 1,100 employees, respectively.

Housing Permits

There were 66 single-family residential permits issued in FY 2025 with an average new home construction value, excluding land value, of approximately $1,984,000. As noted in the following chart, the City experienced an increase in residential home construction.



Property Taxes

Total certified taxable value for commercial and residential property was $12 billion, an increase of $676 million and a 5.9% percent increase from the prior year. New construction added $150 million to the tax roll.

Tax rate management and tax relief have been guiding financial management principles that Southlake has strategically implemented over time, beginning in 2009 with the adoption of a homestead exemption. Since that time, Southlake has annually implemented tax relief, first in the form of the homestead exemption and then beginning in 2019 with tax rate reductions. New development and strong sales tax revenues, combined with expenditure management, have made it possible to implement thirteen relief initiatives since 2009.

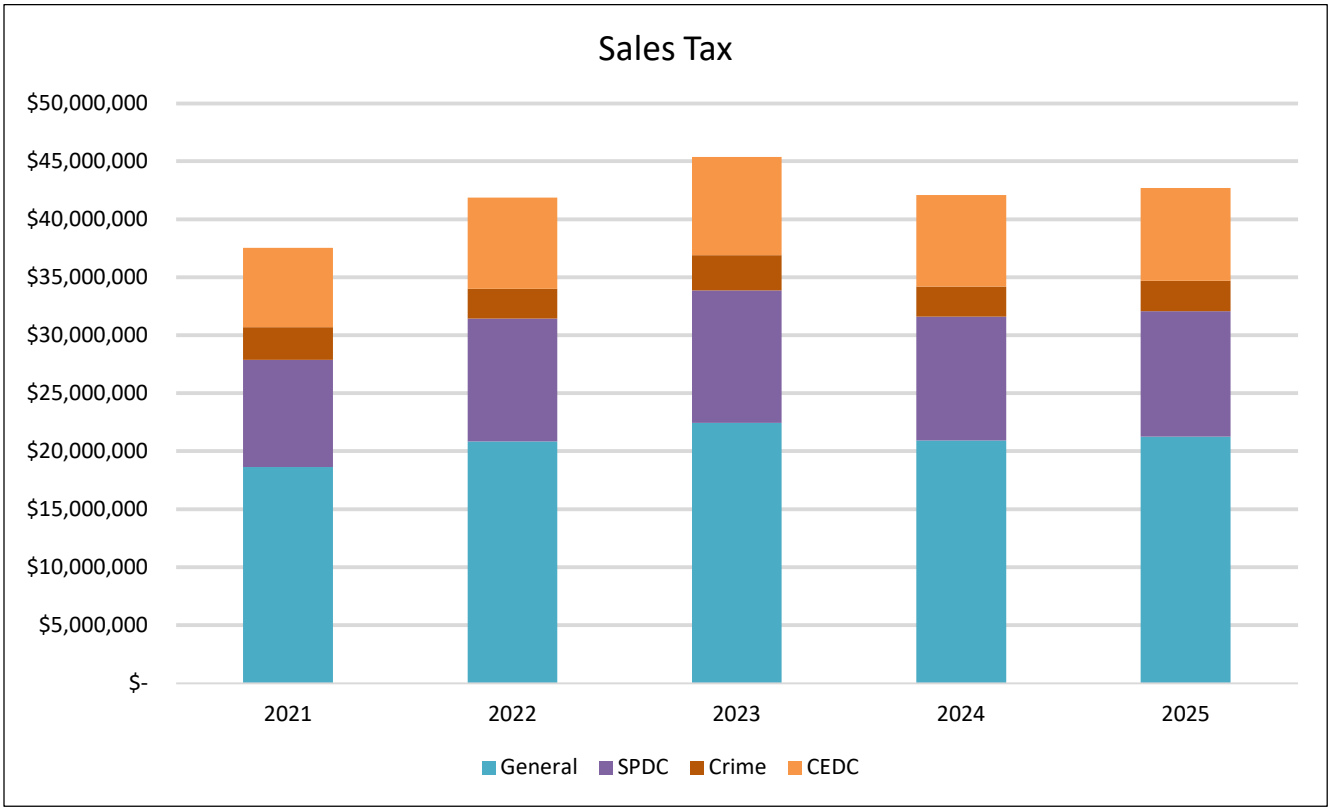
In FY 2025, the City incorporated a total tax rate of $0.305 per $100 valuation, reducing the rate by $0.014 from FY 2024. The tax rate of $0.305 is split between General Fund operations and debt service. The allocation for FY 2025 is $0.250 for general operations and $0.055 for debt service.

Sales Taxes

In Southlake, the total sales tax rate is 8.25%. The City receives $0.02 of sales tax for every dollar spent in our city limits (the remainder goes to the State). One of those pennies goes to the General Fund and can be spent on general operating costs, like supplies, salaries, and general maintenance. The other penny is split between our Crime Control and Prevention District ("CCPD"), the Southlake Parks Development Corporation ("SPDC"), and the Community Enhancement and Development Corporation ("CEDC").

Sales taxes are an essential source of revenue for the City, making up approximately 38% of total revenues. It is estimated that non-residents who shop and dine in Southlake generate up to 70% of the sales tax revenue. These monies are used to support the City's general operations, fund parks development, crime prevention and safety initiatives, construction and operations of The Marq, and economic development, and pay off the debt for these funds. Utilizing special sales tax districts has allowed the City of Southlake to maintain excellent financial conditions and reduce the property tax burden.

The City of Southlake experienced an increase in sales tax collections during the fiscal year, as indicated on the chart. Sales tax collections exceeded $42.6 million in FY 2025, a 1.46% increase from the previous year. This increase was expected by the City.



Future Economic Outlook

Generating economic development is a significant consideration in the City of Southlake's future economic outlook. To that end, the City has developed the following policy statement related to public investment in economic development.

General Purpose and Objectives of Incentives

The City of Southlake is committed to improving the quality of life for its citizens through the attraction and retention of high-quality development that drives a dynamic and sustainable economic environment. On a case-by-case basis, Southlake will consider providing inducement packages as a stimulus for economic development activity, including business attraction, relocation, and retention.

Public Funds Investment Guiding Principles

In carrying out its economic development objectives, the City of Southlake will adhere to the following guiding investment principles to best determine the strategic investment of its resources in eligible projects:

- Project supports comprehensive plan implementation
- Project will retain, expand, or attract targeted industries
- Project will contribute to a top-tier workforce by retaining or expanding the daytime population and preferred job types
- Project includes preferred quality of life benefits such as open space preservation and project enhancements
- Public investment is performance-based and considers reasonable return on investment via direct financial return and other indirect benefits
- Investments will be made into projects sponsored by a financially viable company in good legal standing with the City and State
- Project will make a unique *or* unequaled contribution to development *or* redevelopment efforts in the City of Southlake due to its magnitude, significance to the community, or aesthetic quality

Criteria

Investment recommendations will be based on the evaluation of criteria, including the following:

Fiscal Impact	• What is the estimated total value of capital investment for buildings, other real property improvements, furniture, fixtures, and equipment? • What is the value of the Real and Business Personal Property that will be added to the tax rolls? • How much direct sales tax will be generated? • Will infrastructure construction be required? • Will the project generate overnight stays in the community? If so, how many annually? • What is the estimated return on public investment?
Employment Impact	• How many jobs will be brought to Southlake? • How many jobs will be retained? • What types of jobs will be created? • What will the total annual payroll be? • What is the average annual salary of jobs created and/or retained?
Community Impact	• How compatible is the project with the City's comprehensive plan goals? • How does the project support goals related to the preferred quality of life benefit, such as preservation of open space and project enhancements?
Project Eligibility	• Does the project meet the following minimum preferred thresholds? o Capital investment: $5,000,000 o Jobs created or retained: 1OO o Average annual total compensation of jobs created or retained: $50,000 o Average education level: 4-year degree o Target industry alignment • If the project does not meet the preferred thresholds, will it make a unique or unequaled contribution to the development or redevelopment efforts in the City? How?

Target Industries

The Southlake 2035 Economic Development Master Plan specifies these target industries:

Niche Retail	• Full-service and limited-service restaurants (unique, independent, farm-to-table, chef-driven, etc.) • Specialty grocery (organic/local, specialty foods, dine-in or takeaway house-made prepared foods, artisanal cafe, wine and cheese from around the globe) • House & home retail (furnishings and appliances, home design showrooms, smart home technology) • Health, beauty, and wellness (salons, spas, fitness training/gyms, yoga studios) • Culinary Hub (farm-to-table, farmers market, specialty food retailers, commercial-grade kitchens, culinary business incubator)
Office	• Corporate headquarters and regional offices (large-scale, build-to-suit campus office) • Multi-tenant garden-style (professional services: accountants, engineers/planners/architects, information technology, lawyers, advertising and media, management consulting, actuary)
Medical and Healthcare	• Health, beauty, and wellness (specialized facilities for cosmetic procedures, healthy living, etc.) • Specialized pediatric and senior clinic/outpatient facilities • Specialized medical facilities for surgical procedures (implanted medical devices, bariatric, etc.) • Medical/wellness hub along SH 114 • Research & Development Center
Finance, Insurance and Wealth Management	• Corporate headquarters and regional offices • Professional services
Information Technology and Media	• Corporate headquarters and regional offices • Professional services • Telecommunications
Biotechnology and Pharmaceuticals	• Corporate headquarters and regional offices • Research and development

Eligible Activities

Investment funds may be used for one or more of the following eligible activities to assist a targeted industry in locating in the City or to facilitate a redevelopment project:

- Capital investments related to real property construction and acquisition
- Improvements to an existing building
- On-site and/or off-site infrastructure
- Site enhancements that the City may support to encourage upgraded aesthetics or amenities
- Other purposes which bring value to the community as determined by the Southlake City Council

Exclusionary Factors

Even though a project might meet all the minimum project qualifications, it will not be considered for public investment if any of the following factors apply:

- If the project would, for any reason, result in a net reduction of the ad valorem tax valuation of all facilities in the City owned by the company or its parent, subsidiary, or affiliated companies, assistance will not be provided.
- Investment will not be provided to companies not in good legal standing with the state or that have not met their obligations as businesses in the City of Southlake.
- No prior commitment to investment shall be binding if the company originally receiving the assistance assigns it to another company unless the City has consented to such assignment in writing, as specified in an approved investment agreement.
- The financial condition of the company receiving the assistance must not make its ability to meet its obligations uncertain.

Available Investment Tools

Tax Abatement	This is a tool whereby all or a portion of the increase in the value of real and/or business personal property can be exempted from taxation. The legal authority for tax abatements comes from Chapter 312 of the Texas Property Tax Code; therefore, cities must meet the provisions of the Code when using abatements.
Chapter 380 Economic Development Grants	This incentive option is authorized under Chapter 380 of the Texas Local Government Code. It is an agreement between the taxpayer and taxing entity to offer a variety of fee-based or tax-based incentives, grants (which may or may not be repaid), or rebates. This is a flexible option, but there are certain state law requirements that must be met in all cases.
Infrastructure Participation	The City of Southlake has a track record of facilitating development through enhancement of water, sewer, and roadway infrastructure relevant to sites selected for significant projects as needed.
Tax Increment Reinvestment Zone	Tax Increment Financing is a tool to finance public improvements within a defined area. The improvements should enhance the environment and attract new investment. The statutes governing tax increment financing are in Chapter 311 of the Texas Tax Code.
Public Improvement Districts (PID)	A PID is a defined geographical area established to provide specific types of improvements or maintenance within the area which are financed by assessments against the property owners within the area. Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities.
Fee Waivers or Reimbursement	The City of Southlake will consider a waiver or reimbursement of development fees on eligible projects.

The City entered into no new incentive agreements for FY 2025. All projects undergo this rigorous vetting process before the City enters into any agreements. Agreements also undergo periodic monitoring after inception to ensure that performance targets are being met.

Major Development Projects

In 2025, the following projects have been approved for development in the City:

- Dakota's Southlake will include a new restaurant, event hall, and retail buildings.
- The Hideaway will include 7 single-family residential lots on approximately 8.4 acres.
- 1835 Shady Oaks Drive will include 19 residential lots and 4 office buildings on approximately 21.2 acres.
- Linmar Estates will include 10 single-family residential lots on approximately 10.85 acres.
- Liberty Commons will include 14 single-family residential lots and 5 office, retail, and/or commercial lots on approximately 15.1 acres.
- The Oaks will include 11 single-family residential lots on approximately 12.85 acres.

The City has the following development projects under construction:

- The Overlook and Willowtree Gardens will include a single-family residential component and an office building component.
- Brumlow East will include a 32.8-acre mixed-use development encompassing a single-family residential component with 56 residential homes and approximately 71,000 square feet of office and office/warehouse buildings.
- Lambert Homes will include an approximate 10,570 sq. ft. two-story building (serving as Lambert Homes' primary office, retail, and storage space), and an approximate 2,800 sq. ft. one-story building intended for future retail use.
- Southlake Municipal Service Center will support the City of Southlake Public Works Operations. The site will also include a Training Tower for the Department of Public Safety's use.
- The Wheelhouse will include 2 single-story buildings totaling approximately 19,461 sq. ft. for office showroom with retail sales and automobile and motorcycle sales and/or service uses. Additionally, The Wheelhouse will include 3 single-story buildings totaling approximately 47,629 sq. ft. with garage and storage uses, maintenance of personal vehicles, and a hobby shop for personal use.
- The Garden District Residences will include 58 residential units in 2 four-story buildings on approximately 2.24 acres.
- Next Century Health Care Plaza will include 6 single-story medical office buildings totaling approximately 50,000 sq. ft.
- The Elmore will modify the building color and add a screening wall for the existing hotel.
- Tom Thumb Gas Station—The project will convert the former Texaco establishment into a Tom Thumb Gasoline Service Station and Convenience Store at the northwest corner of the W. Southlake Blvd. and N. White Chapel Blvd. intersection.
- Tommy's Car Wash - Northeast Corner of W. Southlake Boulevard and N. Pearson Ln. will include a self-service car wash with a conceptual future retail component.
- Restoration Church will include construction of an additional 2-story building, expansion of the parking lot, and development of a dry detention pond.
- Carillon Parc Residential will include 79 residential lots and 3 commercial lots.
- Kirkwood East will include 8 buildings totaling approximately 50,000 sq. ft. at build-out - 2 are under construction.
- Highland Terrace will include 9 residential lots on 3.91 acres along White Chapel Lane.
- Rainey Estates will include 4 one-acre lots on 4.75 acres at the southwest corner of North White Chapel Blvd. and West Bob Jones Road.

During FY 2025, the following significant projects were completed, which will have an impact on the local economy in the future:

- Constellation included 4 large warehouse buildings totaling approximately 546,330 sq. ft.
- Southlake Marketplace included lighting improvements, landscape improvements, and the construction of an approximately 2,600 sq. ft. drive-thru restaurant.

The City's dedication to quality development, sound fiscal policies, and effective strategic management has made it an exemplary community in the Dallas-Fort Worth region. With impeccably built neighborhoods, a successful downtown, and a diverse business community, the City offers residents, businesses, and visitors an enhanced quality of life.

Financial Management Principles

The City has strong financial management principles that provide the framework for financial sustainability.

- Tax rate management - The tax rate is allocated properly between maintenance /operations and debt service.
- Structural balance - The City's ability to weather potential economic downturns or other financial challenges is critical. The City does not use reserves to balance the operating budget.
- Reserve management - The City's fund balance policy requires a minimum of 15% and an optimum of 25%. The City uses "excess" reserves to fund one-time, "pay-as-you-go" projects.
- Multi-year financial plan - The long-term effect of today's decisions on tomorrow's financial situation is important during the budget process.
- Quality service delivery - The City is committed to meeting the needs of our community through high-quality service delivery.
- Risk management - The City supports ongoing initiatives to safeguard public trust through internal audits and other initiatives to maintain a strong control environment.

Multi-year Sustainability

Executive leaders evaluate the operational impact of all identified projects and include those costs in future budget projections. The Executive Leadership Team has also begun a more formalized 5-year financial roadmap that reflects known and planned expenditures to create further predictability for future budgets.

Staff monitors trends that depict the City's long-term financial health and uses these trends to make decisions to reach financial and service goals. Thoroughly understanding economic conditions is critical for proper planning.

The City has taken an additional formal step to understand and plan for the organization's financial future by adopting the Southlake Sustainability Plan as an element of the Southlake Comprehensive Plan.

It contains formal recommendations to ensure positive financial outcomes for the City. Management is working with the City Council to update this plan.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the financial status of the City by independent Certified Public Accountants selected by the City Council. This requirement has been met, and the auditor's report has been included in this report. Additionally, the City has an Audit Committee as a subcommittee of the City Council, which hears and reviews all recommendations made by the independent auditors.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Southlake for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the 25th consecutive year that the City has received this prestigious national award. To earn the Certificate of Achievement, the City published an easy-to-read and efficiently organized Annual Comprehensive Financial Report with contents that conformed to program standards. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year. The City believes that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and thus is submitting it to GFOA to determine its eligibility for another certificate.

GFOA named the City of Southlake a 2024 Triple Crown winner. GFOA's Triple Crown designation recognizes governments that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award for a fiscal year. The City has received this designation 6 years in a row.

Acknowledgments

This report could not have been prepared without the dedication and efficiency of the entire staff and our independent auditor. I want to express appreciation to City employees throughout the organization, especially those staff members in the Finance Department, who were instrumental in the successful completion of this report. I would also like to thank the Mayor and members of the City Council for their support in planning and conducting the City's financial operations in a responsible and efficient manner.

Respectfully submitted,

Sharen Jackson

Sharen Jackson
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Southlake
Texas

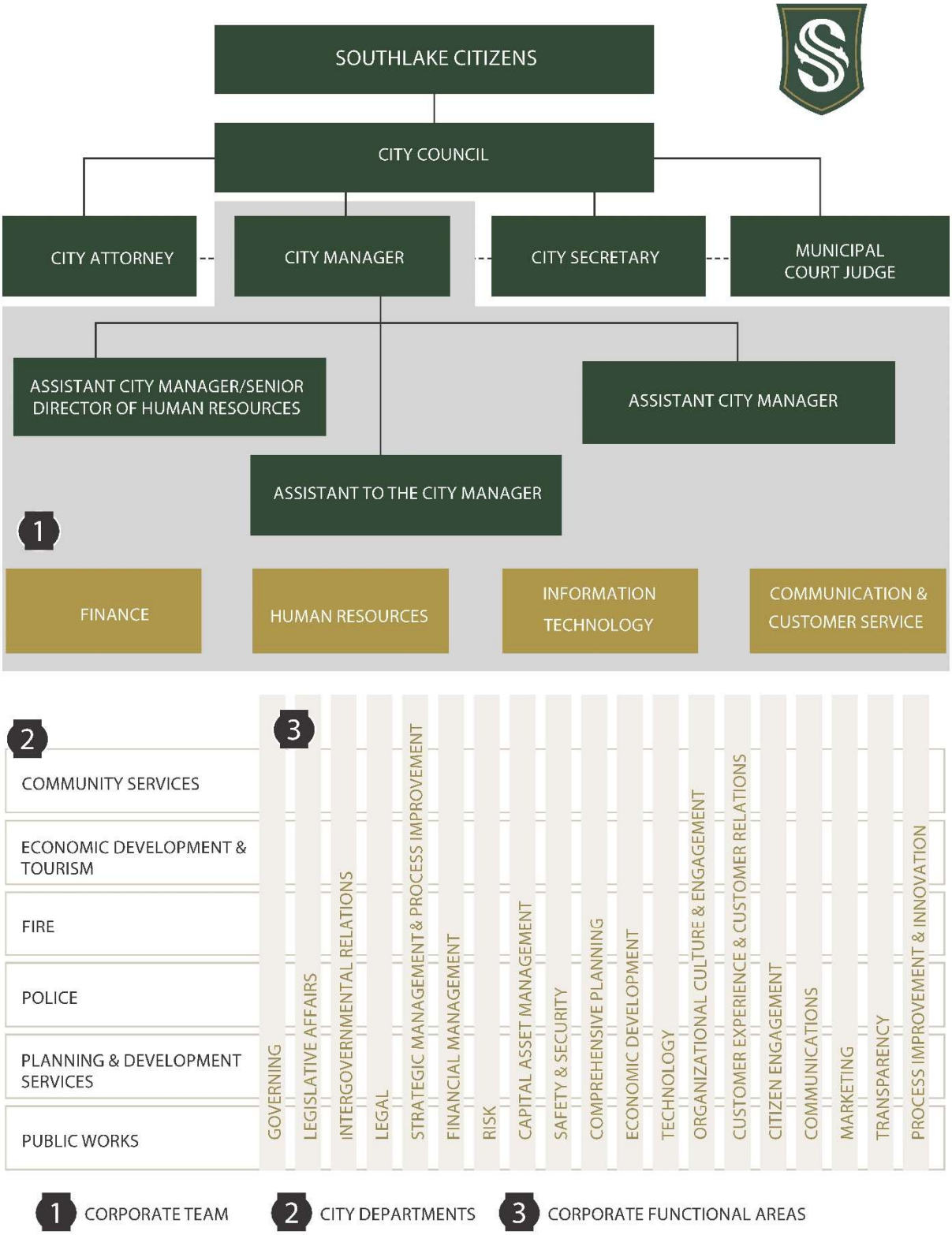
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Southlake Organizational Structure



City of Southlake, Texas
List of Principal Officials
September 30, 2025

Shawn McCaskill	Mayor
Randy Williamson	Mayor Pro Tem
Kathy Talley	Deputy Mayor Pro Tem
Austin Reynolds	Council Member
Randy Robbins	Council Member
Frances Scharli	Council Member
Chuck Taggart	Council Member
Alison Ortowski	City Manager
Stacey Black	Assistant City Manager/Senior Director of Human Resources
James Brandon	Assistant City Manager
Amy Shelley	City Secretary
Sharen Jackson	Chief Financial Officer
Daniel Cortez	Economic Development & Tourism Director
Lauren LaNeave	Interim Public Works Director
David Miller	Community Services Director
Dennis Killough	Planning & Development Services Director
Pilar Schank	Communications Director
Ashleigh Casey	Police Chief
Shannon Langford	Fire Chief

Financial Section

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

To the Honorable Mayor and Members of
City Council and Management of the
City of Southlake, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Southlake, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning fund balance has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026 our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2026

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Southlake's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy-to-read analysis of the City's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, providing an overview of the City's financial activities, identifying changes in the City's financial position (its ability to address the next and subsequent years' challenges), identifying material deviations from the approved budget, and identifying individual fund issues.

The City presents its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* This reporting model significantly changes not only the presentation of financial data but also the manner in which the information is recorded.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-xv of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Southlake exceeded its liabilities and deferred inflows of resources on September 30, 2025, by $877,425,605 (net position). Of this amount, $193,476,699 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.

- The net position of the City's governmental activities increased by $33,942,106 while the net position of business-type activities increased by $15,976,136.

- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $236,228,550. Of this amount, $52,557 is reported as nonspendable, $130,370,724 is restricted by outside sources, $2,095,138 is committed for future uses, $85,777,498 is assigned by management for specified purposes, and $17,932,633 is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $17,932,633, or 32.6 percent of total General Fund expenditures.

- At the end of the current fiscal year, the City of Southlake's outstanding debt totaled $125,647,396, a net increase of $2,950,740 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources measurement focus and the accrual basis of accounting, meaning that all current-year revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), to assess the overall financial condition of the City more accurately.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current-year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

Governmental activities—Most of the City's basic services are reported here, including general administration, debt services, public safety, public works, parks and community services, public library, public events and facilities, planning and development, and finance. Property, sales, and franchise taxes provide most of the financing for these activities.

Business-type activities—These are activities for which the City charges customers a fee to pay most or all the costs of a service it provides. The City's business-type activities include water distribution, wastewater collection, and solid waste collection and disposal.

The government-wide financial statements are found on pages 25-26 of this report.

Fund Financial Statements

The City of Southlake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All the City's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds—These funds account for the majority of the City's activities and essentially perform the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental fund financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities as reported in the government-wide financial statements and the information presented in the governmental fund financial statements.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, General Obligation Debt Service Fund, General Capital Projects Fund, Southlake Parks Development Corporation Capital Projects Fund, Southlake Parks Development Corporation Special Revenue Fund, and Community Enhancement Development Corporation Special Revenue Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 30-36 of this report.

Proprietary Funds—When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City of Southlake maintains two different types of proprietary funds: enterprise and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste. These services are primarily provided to outside or non-governmental customers.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle and equipment replacement. Because these services predominantly benefit the governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 38-41 of this report.

Fiduciary funds—the City presents one trust fund, the Southlake OPEB Liability Trust Fund, which accounts for the funding of post-employment healthcare benefits for retirees of the City and their dependents. The financial statements for the fiduciary funds can be found on pages 45-46 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 49-87 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may be a useful indicator of the City's financial position. As of September 30, 2025, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $877,425,605 (net position) at the close of the most recent fiscal year.

The following analysis highlights the net position as of September 30, 2025, and 2024:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 266,958,845	$ 234,247,365	$ 115,137,603	$ 98,781,086	$ 382,096,448	$ 333,028,451
Capital assets	534,451,622	532,406,280	100,998,598	96,335,544	635,450,220	628,741,824
Total assets	801,410,467	766,653,645	216,136,201	195,116,630	1,017,546,668	961,770,275
Deferred outflows of resources	6,502,931	8,572,281	498,314	726,463	7,001,245	9,298,744
Long-term liabilities	86,788,950	87,183,147	38,858,446	35,513,509	125,647,396	122,696,656
Other liabilities	12,841,324	13,050,024	4,902,162	3,358,199	17,743,486	16,408,223
Total liabilities	99,630,274	100,233,171	43,760,608	38,871,708	143,390,882	139,104,879
Deferred inflows of resources	3,437,216	2,022,673	294,210	278,800	3,731,426	2,301,473
Net position:						
Net investment in capital assets	483,829,097	472,883,752	74,243,805	74,231,905	558,072,902	547,115,657
Restricted	113,078,118	111,948,381	12,797,886	11,659,020	125,876,004	123,607,401
Unrestricted	107,938,693	88,137,949	85,538,006	70,801,660	193,476,699	158,939,609
Total net position	$ 704,845,908	$ 672,970,082	$ 172,579,697	$ 156,692,585	$ 877,425,605	$ 829,662,667

The following analysis highlights the changes in net position for the year ended September 30, 2025 and 2024:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 12,709,757	$ 12,298,382	$ 37,270,626	$ 35,597,701	$ 49,980,383	$ 47,896,083
Operating grants and contributions	250,232	375,784	-	-	250,232	375,784
Capital grants and contributions	7,907,152	4,890,150	3,311,503	1,734,388	11,218,655	6,624,538
General revenues:						
Taxes	93,943,756	91,590,428	-	-	93,943,756	91,590,428
Investment earnings	10,184,249	11,116,664	4,158,232	3,839,868	14,342,481	14,956,532
Miscellaneous	310,807	151,752	-	-	310,807	151,752
Gain on sale of capital assets	283,742	143,146	28,381	96,269	312,123	239,415
Total revenues	125,589,695	120,566,306	44,768,742	41,268,226	170,358,437	161,834,532
Expenses:						
General government	27,449,966	26,994,341	-	-	27,449,966	26,994,341
Public safety	29,067,535	27,798,598	-	-	29,067,535	27,798,598
Public works	12,945,970	10,709,563	-	-	12,945,970	10,709,563
Culture and recreation	20,390,226	19,939,371	-	-	20,390,226	19,939,371
Promotion of culture and tourism	1,818,301	871,217	-	-	1,818,301	871,217
Interest on long-term debt	1,564,205	1,867,737	-	-	1,564,205	1,867,737
Water and sewer	-	-	27,203,992	28,969,340	27,203,992	28,969,340
Total expenses	93,236,203	88,180,827	27,203,992	28,969,340	120,440,195	117,150,167
Increases in net position before transfers	32,353,492	32,385,479	17,564,750	12,298,886	49,918,242	44,684,365
Transfers	1,588,614	1,608,855	(1,588,614)	(1,608,855)	-	-
Change in net position	33,942,106	33,994,334	15,976,136	10,690,031	49,918,242	44,684,365
Net position, beginning, as previously presented	672,970,082	638,975,748	156,692,585	146,002,554	829,662,667	784,978,302
Change in accounting principle (GASB 101)	(2,066,280)	-	(89,024)	-	(2,155,304)	-
Net position, beginning, as restated	670,903,802	638,975,748	156,603,561	146,002,554	827,507,363	784,978,302
Net position, ending	$ 704,845,908	$ 672,970,082	$ 172,579,697	$ 156,692,585	$ 877,425,605	$ 829,662,667

The largest portion of the City's net position, $558,072,902, reflects its investment in capital assets (land and improvements, building, infrastructure, machinery and equipment, and right-to-use assets net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities net position increased by $33,942,106. This can be largely attributed to the City's total revenues of $125,589,695 exceeding total expenses of $93,236,203 by $32,353,492. Significant changes in revenues and expenses between FY 2025 and FY 2024 include the following:

- The City received $7.79 million in public works-related capital grants and contributions for FY 2025, including donated capital assets of $6 million and grant funding related to replacing the North White Chapel Bridge for over $930,000. The total increase from FY 2024 was over $2.9 million.

- Tax revenues increased by over $2.4 million. Sales taxes increased by over $988,000, while property tax revenues increased by over $1.4 million for FY 25. Property tax rates were reduced to the no-new-revenue rate, so this increase was related to additional properties being added to the tax roll and increases in total assessed property values.

- Public safety expenses increased by over $1.2 million for FY 2025. Salary and benefit-related costs were the driving factors for this increase, which resulted from scheduled raises and increased overtime needs.

- Public works had an increase of over $2.2 million. This increase can be largely attributed to an almost $2 million increase in non-capital project costs for FY 2025.

- Promotion of culture and tourism increased by almost $1 million. This increase can be attributed to an almost $600,000 increase in non-capital project costs for FY 2025. Additionally, an increase of almost $250,000 is attributable to added spending on City and other local events.

The net position of business-type activities increased by $15,976,136. While revenues consistently outpace expenses in business-type activities, there were some significant increases and decreases in revenues and expenses for FY 2025.

Charges for services increased by almost $1.7 million in FY 2025, primarily due to higher wastewater rates. Capital contributions increased by over $1.5 million, to $3,311,503, due to increased donations of capital assets from developers. Additionally, land purchased for the new Municipal Service Center, valued at $4,168,934, was transferred from governmental activities to business-type activities. Investment earnings increased by over $318,000, largely due to interest rates remaining high, while cash and investment balances increased by over $16 million.

Business-type activity expenses decreased by almost $1.8 million in FY 2025. This reduction was driven by lower purchased water costs and decreased wastewater treatment expenses. Wastewater treatment savings of over $1.2 million resulted from Trinity River Authority's ability to reduce debt service costs by issuing commercial paper as needed to fund construction at the City's two treatment plants, rather than issuing traditional bonds upfront. These lower financing costs were passed through to participating cities, including Southlake.

The City also experienced a decline in contractual service costs associated with the implementation of the Environmental Protection Agency's Lead and Copper Rule Revisions (LCRR). Because the primary compliance date was October 16, 2024, most related project costs were incurred prior to FY 2025.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Governmental Funds—The focus of the City of Southlake's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of $236,228,550. Approximately 7.6 percent or $17,932,633 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other portions of the fund balance are either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, $52,557; (2) restricted for particular purposes, $130,370,724; (3) committed for particular purposes, $2,095,138; or (4) assigned for particular purposes, $85,777,498.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $17,932,633. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.6 percent of total General Fund expenditures, while total fund balance represents 91.3 percent of total General Fund expenditures.

The fund balance of the General Fund increased by $2,593,864 during the current fiscal year. This net increase was the result of several factors, including:

- Tax revenues increased overall, with property tax revenues rising by more than $721,000 due to additional properties being added to the tax roll and continued growth in total assessed values. Sales tax revenues also increased by more than $562,000.

- The specific change that resulted in an increase in fund balance for the General Fund was the planned reduction of transfers out to other funds for $2.6 million. In the past, these transfers were used to fund capital projects and other initiatives, but the strategy to fund these projects changed as a part of the budget process in conjunction with the property tax strategy.

The General Obligation Debt Service Fund has a fund balance of $1,869,414, all of which is restricted for debt service payment. The fund balance decreased during the year by $398,804. This decrease was expected as reserves, property tax collections, and the current year's debt service requirements were all considered when determining the current property tax rate in accordance with the Texas Tax Code.

The fund balance in the General Capital Projects Fund ended the year at $85,609,504, an increase of $15,548,165. This increase can be attributed to interfund transfers of $8.9 million, which were received to reimburse project expenditures for $4,168,934, and to cash-fund upcoming roadway, drainage, and other infrastructure projects. In addition, $9,150,000 in certificates of obligation and intergovernmental revenues of over $1.3 million were received to fund various infrastructure projects. These inflows of resources were made available to fund various capital projects for the City, and in FY 2025, the City spent $8.17 million of available project funding on capital outlays in the General Capital Projects Fund.

The Southlake Parks Development Corporation Capital Projects Fund significantly decreased expenditures, approximately $12.8 million, for FY 2025. In FY 2024, a large turf replacement project was substantially completed. A $6 million transfer was made from the Southlake Park Development Corporation Special Revenue Fund to provide additional funding for park capital projects.

The Southlake Parks Development Corporation Special Revenue Fund decreased its fund balance by $856,544. This reduction was primarily due to an increase in capital expenditures of $996,777, related to a Parks security camera replacement project.

The Community Enhancement Development Corporation Special Revenue Fund increased its fund balance by $4,350,912. Revenues outpaced expenditures for the year as budgeted and planned each year. The only significant variances for the fund include an increase in sales tax revenues of over $122,000 and a decrease in transfers out to other funds of $234,000, primarily related to the reduction in transfers to the Community Enhancement Development Corporation Capital Projects Fund.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUNDS

The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net position reported in the Proprietary Funds included $85,538,006 in the Water and Sewer Fund and $15,957,924 in the Vehicle and Equipment Replacement Fund. The total net position in the Water and Sewer Fund increased by $15,976,136, while the net position of the Vehicle and Equipment Replacement Fund increased by $3,377,948.

Revenues consistently outpace expenses in the Water and Sewer Fund each year, which is the primary driver for the continued increase in net position. In the current year, capital contributions increased by over $5.6 million due to the donation of $3,311,503 in capital assets from developers, and the transfer of land purchased for the new Municipal Service Center from governmental activities, valued at $4,168,934. Additionally, charges for services increased by almost $1.7 million due to an increase in wastewater treatment rates. Water and Sewer Fund expenses decreased by almost $1.9 million in FY 2025. This reduction was driven by lower purchased water costs and decreased wastewater treatment expenses.

$4.25 million was transferred to fund vehicle and equipment purchases in FY 2025. This inflow, net of depreciation expense of almost $1.6 million, resulted in an increase in net position in the Vehicle and Equipment Replacement Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the original budget approved by the City Council. Actual revenues exceeded budget by $1,108,769. The General Fund expenditure budget was amended across departments, but there was no net change in the total expenditure budget. Actual expenditures, in total, were $2,581,757 less than final budget. This favorable variance, in conjunction with the revenue variance, resulted in the actual ending fund balance exceeding the ending budgetary fund balance by $4,681,752.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of September 30, 2025, the City's investment in capital assets for its governmental and business-type activities amounts to $635,450,220 (net of accumulated depreciation and amortization). This investment includes land, buildings, improvements, machinery and equipment, infrastructure, construction in progress, and right-to-use assets.

The City has elected to use the modified approach for its street system in lieu of the depreciation method. An up-to-date inventory of these infrastructure assets was performed, and the annual costs to maintain and preserve these assets were established and disclosed through administrative policy.

The current condition level of the street system meets the target condition level established by the City. There were no significant changes in the condition levels of infrastructure assets, and the differences between the estimated amounts necessary to maintain and preserve the street system at target condition levels and the actual amount of expense incurred for that purpose for 2025 were not material.

Major capital projects completed during the current year included the following:

- Pearson Pump Station Residual Control Improvements
- Bicentennial Water Tower Fence and Driveway
- North White Chapel and Kirkwood Branch Bridge Replacement
- Watermere Gazebo
- Emergency Operations Center Relocation
- DPS West Public Art Project
- 8" Sewer Line on Shady Oaks to Fox Hollow

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2023
Land and improvements	$ 112,915,198	$ 109,622,983	$ 27,841,307	$ 21,646,232	$ 140,756,505	$ 131,269,215
Construction in progress	22,369,388	30,310,495	3,471,445	4,701,687	25,840,833	35,012,182
Buildings and improvements	107,079,329	108,497,159	47,007	77,325	107,126,336	108,574,484
Improvements	-	-	69,397,388	69,697,534	69,397,388	69,697,534
Infrastructure	275,516,892	269,447,100	-	-	275,516,892	269,447,100
Machinery and equipment	12,644,796	11,783,462	231,587	173,796	12,876,383	11,957,258
Right-to-use assets:						
Lease buildings	130,017	234,031	-	-	130,017	234,031
Lease equipment	442,331	569,408	-	-	442,331	569,408
Subscriptions	3,353,671	1,941,642	9,864	38,970	3,363,535	1,980,612
Total	$ 534,451,622	$ 532,406,280	$ 100,998,598	$ 96,335,544	$ 635,450,220	$ 628,741,824

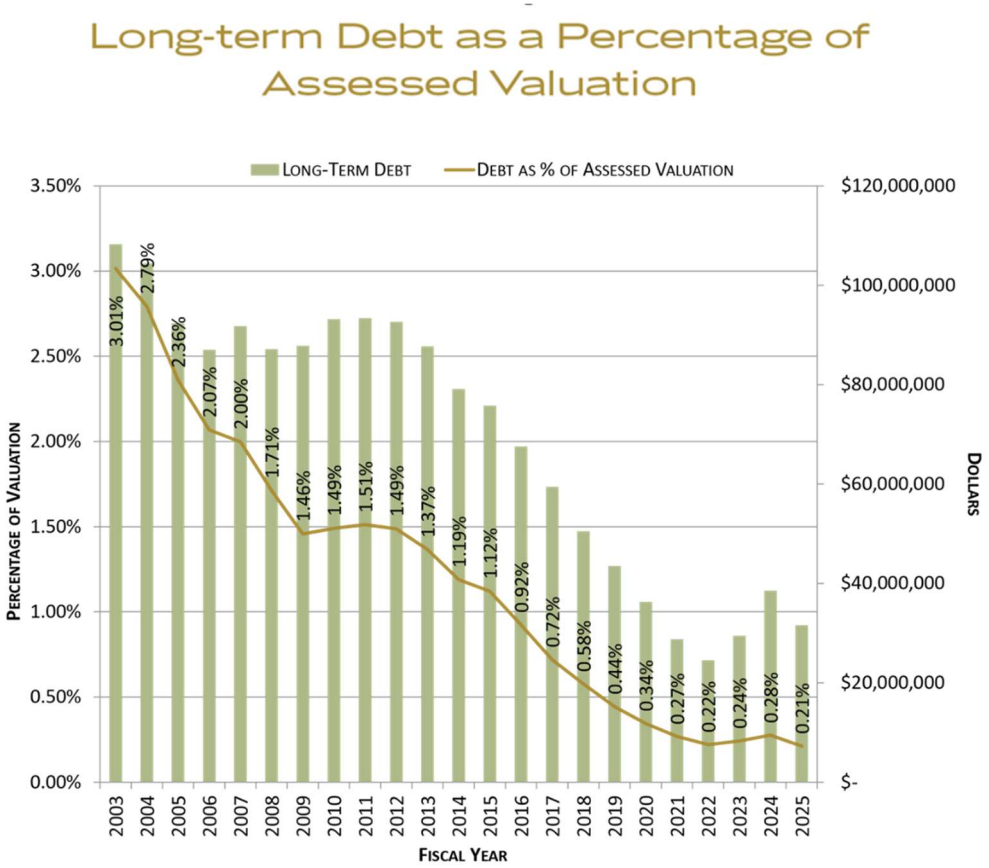
Additional information on the City's capital assets can be found in Note 4 on pages 66-67 of this report.

Long-term Debt - At the end of the current fiscal year, the governmental activities had $65,056,556 total bonds outstanding, which were issued to finance capital improvements for roadway, parks and recreation, public buildings, and infrastructure. The business-type activities had $37,309,801 in total bonds outstanding, issued to finance projects to increase the utility system's capacity.

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Bonds Payable	$ 65,056,556	$ 66,351,332	$ 37,309,801	$ 34,118,969	$ 102,366,357	$ 100,470,301
Total OPEB liability	799,991	803,422	64,367	64,590	864,358	868,012
Net pension liability	11,579,778	14,056,529	1,053,290	1,214,748	12,633,068	15,271,277
Compensated absences	5,396,320	3,132,308	224,003	81,150	5,620,323	3,213,458
Financed purchases	105,728	208,476	-	-	105,728	208,476
Lease liabilities	588,312	813,519	-	-	588,312	813,519
Subscription liabilities	3,112,755	1,817,561	4,732	34,052	3,117,487	1,851,613
Arbitrage liability	149,510	-	202,253	-	351,763	-
	$ 86,788,950	$ 87,183,147	$ 38,858,446	$ 35,513,509	$ 125,647,396	$ 122,696,656

The City takes its debt obligation very seriously. Several years ago, the City Council, working with City staff, set goals to reduce the debt as a percentage of assessed valuation over the total long-term debt.

As you can see in the figure below, the City has reduced the percentage from 3.01 percent in 2003 to 0.21 percent in 2025, during a time of growth for the City. Our debt management strategies receive a rigorous annual review from bond rating agencies tasked with letting potential borrowers know how creditworthy the City is. The City has three AAA ratings — a strong external endorsement of the City's financial management.



It should be noted that although the total debt issued has fluctuated based on the timing of important projects, the City has generally reduced its property tax-supported obligations since 2003. The City has been able to effectively manage its debt during a period of growth using cash to partially offset borrowing needs. Additionally, managing debt amortization has been a tool used to reduce borrowing costs.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Additional information on the City's long-term debt can be found in Note 5 on pages 67-72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property taxes represent 37.7 percent of total governmental revenue, while sales tax is the largest source at 38.6 percent. The City monitors these resources closely and evaluates the need for program adjustments or fee changes as appropriate.

Maintaining structural balance remains foundational to Southlake's budgeting standards. The FY 2026 adopted budget continues to align recurring expenditures with reliable revenue streams, reinforcing financial sustainability and preserving capacity for strategic investment.

The FY 2026 budget incorporates a tax rate of $0.295 per $100 valuation, a reduction of one cent from the prior year. This rate is allocated between General Fund operations ($0.240) and debt service ($0.055), with the reduction applied to the operations portion.

In keeping with the City's commitment to tax relief, the budget retains the maximum allowable 20 percent homestead exemption, along with existing exemptions for residents over 65 and disabled homeowners. For an average-valued home, the homestead exemption lowers taxable value by approximately $222,617, resulting in an effective tax savings of roughly 5.9 cents per $100 valuation. After accounting for both the exemption and the adopted rate reduction, the equivalent residential tax rate is approximately $0.236.

During the FY 2026 budget process, staff refreshed expenditure projections and identified cost growth pressures of approximately 5 percent, driven largely by compensation, benefits, contracts, utilities, and asset maintenance. The City also benchmarks organic budget growth against the Dallas/Fort Worth Consumer Price Index (CPI). For FY 2026, this guideline was calculated at 2.5 percent, below projected expenditure demands. Growth above the benchmark is primarily attributable to the City's market-leadership pay philosophy, which targets the 85th percentile for public safety and the 70th percentile for general government.

To manage cost pressures while maintaining high service standards, the City employs several operational strategies, including budget optimization, vacancy and workforce review, contract renegotiation, cooperative purchasing, process and technology improvements, lifecycle asset planning, and the targeted use of one-time funds for non-recurring needs.

Through this disciplined approach, the FY 2026 budget limits General Fund expenditure growth to approximately 3.5 percent, while continuing to support exceptional service delivery and long-term financial resilience.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Southlake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 1400 Main Street, 4th Floor Finance Department, Southlake, Texas 76092.

Basic Financial Statements

Government-wide Financial Statements

City of Southlake, Texas

Statement of Net Position
September 30, 2025

Exhibit 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	$ 250,445,040	$ 80,238,078	$ 330,683,118
Receivables (net of allowance for uncollectibles)	10,796,882	6,774,016	17,570,898
Due from other governments	431,890	-	431,890
Prepaid items	2,203,435	-	2,203,435
Inventories	33,277	-	33,277
Restricted assets			
Cash and cash equivalents	1,812,181	27,825,422	29,637,603
Restricted cash for customer deposits	-	300,087	300,087
OPEB asset	1,236,140	-	1,236,140
Capital assets:			
Not being depreciated/amortized	367,726,561	31,312,752	399,039,313
Net of depreciation/amortization	166,725,061	69,685,846	236,410,907
Total assets	801,410,467	216,136,201	1,017,546,668
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	149,583	64,838	214,421
Deferred outflows - TMRS pension	5,697,629	423,495	6,121,124
Deferred outflows - TMRS OPEB	122,035	9,981	132,016
Deferred outflows - OPEB Health	533,684	-	533,684
Total deferred outflows of resources	6,502,931	498,314	7,001,245
LIABILITIES			
Accounts payable	5,389,645	3,843,829	9,233,474
Accrued liabilities	1,956,399	255,933	2,212,332
Due to other governments	2,154,494	-	2,154,494
Accrued interest payable	-	247,056	247,056
Retainage payable	765,636	91,323	856,959
Deposits payable	842,431	-	842,431
Unearned revenue	1,276,071	163,934	1,440,005
Liabilities payable from restricted assets			
Accrued interest	456,648	-	456,648
Customer meter deposits	-	300,087	300,087
Non-current liabilities:			
Due within one year	12,499,548	3,117,059	15,616,607
Due in more than one year	74,289,402	35,741,387	110,030,789
Total liabilities	99,630,274	43,760,608	143,390,882
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	49,898	184,583	234,481
Deferred inflows - leases	453,601	-	453,601
Deferred inflows - TMRS pension	1,818,055	87,573	1,905,628
Deferred inflows - TMRS OPEB	301,060	22,054	323,114
Deferred inflows - OPEB Health	814,602	-	814,602
Total deferred inflows of resources	3,437,216	294,210	3,731,426
NET POSITION			
Net investment in capital assets	483,829,097	74,243,805	558,072,902
Restricted for:			
Debt service	4,475,582	-	4,475,582
OPEB Asset	1,236,140	-	1,236,140
Municipal court	993,658	-	993,658
Reinvestment zone	13,567,422	-	13,567,422
Police	7,066,809	-	7,066,809
Parks and recreation	65,502,673	-	65,502,673
Library	16,612	-	16,612
Storm water	9,226,800	-	9,226,800
Promotion of culture and tourism	6,431,129	-	6,431,129
Impact fees	4,561,293	12,797,886	17,359,179
Unrestricted	107,938,693	85,538,006	193,476,699
TOTAL NET POSITION	$ 704,845,908	$ 172,579,697	$ 877,425,605

The Notes to the Financial Statements are an integral part of this statement.

City of Southlake, Texas

Exhibit 2

Statement of Activities

For the Fiscal Year Ended September 30, 2025

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business - Type Activities	TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	$ 27,449,966	$ 2,177,296	$ 40	$ -	$ (25,272,630)	$ -	$ (25,272,630)
Public safety	29,067,535	1,444,393	94,092	-	(27,529,050)	-	(27,529,050)
Public works	12,945,970	3,368,835	-	7,793,538	(1,783,597)	-	(1,783,597)
Culture and recreation	20,390,226	5,719,233	156,100	113,614	(14,401,279)	-	(14,401,279)
Promotion of culture and tourism	1,818,301	-	-	-	(1,818,301)	-	(1,818,301)
Interest on long-term debt	1,564,205	-	-	-	(1,564,205)	-	(1,564,205)
Total governmental activities	93,236,203	12,709,757	250,232	7,907,152	(72,369,062)	-	(72,369,062)
Business-type Activities:							
Water and sewer	27,203,992	37,270,626	-	3,311,503	-	13,378,137	13,378,137
Total business-type activities	27,203,992	37,270,626	-	3,311,503	-	13,378,137	13,378,137
TOTAL PRIMARY GOVERNMENT	$ 120,440,195	$ 49,980,383	$ 250,232	$ 11,218,655	(72,369,062)	13,378,137	(58,990,925)
General revenues and transfers:							
General revenues							
Property taxes, levied for general purposes					44,757,795	-	44,757,795
Sales taxes					45,818,639	-	45,818,639
Franchise taxes					3,367,322	-	3,367,322
Investment income					10,184,249	4,158,232	14,342,481
Gain on disposal of capital assets					283,742	28,381	312,123
Miscellaneous					310,807	-	310,807
Transfers					1,588,614	(1,588,614)	-
Total general revenues and transfers					106,311,168	2,597,999	108,909,167
Change in net position					33,942,106	15,976,136	49,918,242
Net position, beginning of year, as previously presented					672,970,082	156,692,585	829,662,667
Change in accounting principle (GASB 101)					(2,066,280)	(89,024)	(2,155,304)
Net position, beginning of year, as restated					670,903,802	156,603,561	827,507,363
NET POSITION, end of year					$ 704,845,908	$ 172,579,697	$ 877,425,605

The Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Governmental Funds Financial Statements

City of Southlake, Texas

Balance Sheet – Governmental Funds
September 30, 2025

	GENERAL	GENERAL OBLIGATION DEBT SERVICE	CAPITAL PROJECTS	
			GENERAL CAPITAL PROJECTS	SOUTHLAKE PARKS DEVELOPMENT CORPORATION
ASSETS				
Cash and investments	$ 52,524,941	$ 1,812,181	$ 86,612,382	$ 19,757,208
Receivables, net of allowances for uncollectibles:				
Taxes	4,020,383	59,434	-	-
Interest	181,431	5,757	261,510	62,770
Leases	500,322	-	-	-
Other	933,711	9	82,043	-
Due from other governments	6,786	-	425,104	-
Inventories	33,277	-	-	-
Prepaid items	19,280	-	-	-
TOTAL ASSETS	$ 58,220,131	$ 1,877,381	$ 87,381,039	$ 19,819,978
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,419,794	$ -	$ 770,840	$ 273,015
Accrued liabilities	1,592,578	-	-	-
Due to other governments	1,165,779	-	-	-
Retainage payable	-	-	168,018	597,618
Deposits payable	68,938	-	704,693	-
Unearned revenue	834,791	-	-	-
TOTAL LIABILITIES	7,081,880	-	1,643,551	870,633
DEFERRED INFLOWS OF RESOURCES				
Unavailable resources	548,179	7,967	127,984	-
Deferred inflows - leases	453,601	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,001,780	7,967	127,984	-
FUND BALANCES				
Nonspendable	52,557	-	-	-
Restricted	-	1,869,414	31,983,287	18,949,345
Committed	-	-	-	-
Assigned	32,151,281	-	53,626,217	-
Unassigned	17,932,633	-	-	-
TOTAL FUND BALANCES	50,136,471	1,869,414	85,609,504	18,949,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 58,220,131	$ 1,877,381	$ 87,381,039	$ 19,819,978

The Notes to the Financial Statements are an integral part of this statement.

SPECIAL REVENUE				
SOUTHLAKE PARKS DEVELOPMENT CORPORATION	COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 12,635,424	$ 28,849,067	$ 36,341,616	$ 238,532,819
1,837,287	1,360,953	744,168	8,022,225
40,167	91,966	115,463	759,064
-	-	-	500,322
38,458	171,268	240,416	1,465,905
-	-	-	431,890
-	-	-	33,277
-	-	-	19,280
$ 14,551,336	$ 30,473,254	$ 37,441,663	$ 249,764,782
$ 248,162	$ 152,322	$ 525,517	$ 5,389,650
32,677	162,487	168,657	1,956,399
497,428	368,465	122,822	2,154,494
-	-	-	765,636
-	68,800	-	842,431
-	441,280	-	1,276,071
778,267	1,193,354	816,996	12,384,681
12,820	-	1,000	697,950
-	-	-	453,601
12,820	-	1,000	1,151,551
-	-	-	52,557
13,760,249	29,279,900	34,528,529	130,370,724
-	-	2,095,138	2,095,138
-	-	-	85,777,498
-	-	-	17,932,633
13,760,249	29,279,900	36,623,667	236,228,550
$ 14,551,336	$ 30,473,254	$ 37,441,663	$ 249,764,782

City of Southlake, Texas **Exhibit 4**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

Total fund balances - governmental funds	$	236,228,550
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet (less $7,309,740 in assets allocated to governmental activities from the internal service fund).		527,141,882
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(456,648)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.		23,267,664
OPEB asset has not been included in the governmental fund financial statements, as these assets do not represent current financial resources.		1,236,140
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		697,950
For debt refundings, the difference between the acquisition price and net carrying amount of the debt has been deferred and amortized in the government-wide financial statements. This amount is the net of deferred losses, $149,583, and gains ($49,898) on refundings.		99,689
Deferred outflows of resources related to the City's pension and OPEB liabilities result in an increase in net position in the government-wide financial statements.		6,353,348
Deferred inflows of resources related to the City's pension and OPEB liabilities result in a decrease in net position in the government-wide financial statements.		(2,933,717)
Long-term liabilities, including bonds payable and net pension and OPEB liabilities, are not due and payable in the current period and therefore are not reported in the fund financial statements.		(86,788,950)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	704,845,908

The Notes to the Financial Statements are an integral part of this statement.

City of Southlake, Texas

Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended September 30, 2025

			CAPITAL PROJECTS	
	GENERAL	GENERAL OBLIGATION DEBT SERVICE	GENERAL CAPITAL PROJECTS	SOUTHLAKE PARKS DEVELOPMENT CORPORATION
REVENUES				
Ad valorem taxes, penalties and interest	$ 27,911,529	$ 6,132,810	$ -	$ -
Franchise taxes	3,367,322	-	-	-
Municipal sales and mixed beverage taxes	21,840,435	-	-	-
Licenses, permits and fees	1,998,868	-	-	-
Charges for services	2,589,722	-	-	-
Fines and forfeitures	1,053,751	-	-	-
Intergovernmental revenue	130,557	-	1,309,330	-
Capital recovery fees	-	-	360,248	-
Investment income	2,366,429	123,425	3,390,652	850,000
Contributions	87,150	-	4,455	31,571
Miscellaneous	287,616	-	-	-
Total revenues	61,633,379	6,256,235	5,064,685	881,571
EXPENDITURES				
Current				
General government				
City secretary/mayor	624,870	-	-	-
City manager's office	1,220,634	-	-	-
Human resources	754,749	-	-	-
Support services	5,519,418	-	-	-
Economic development	467,201	-	-	-
Finance	2,185,679	-	-	-
Municipal court	787,438	-	-	-
Teen court	164,467	-	-	-
Information technology	3,412,494	-	-	-
Public safety				
Police services	9,195,718	-	-	-
Fire services	12,702,849	-	-	-
Public safety support	1,799,979	-	-	-
Public works				
Public works administration	2,590,077	-	-	-
Streets and drainage	1,413,045	-	3,757,161	-
Planning	1,091,451	-	-	-
Building inspection	1,341,060	-	-	-
Cultural and recreation				
Community services	1,510,113	-	-	-
Parks and recreation	4,161,255	-	472	58,196
Library services	1,149,729	-	-	-
Promotion of culture and tourism	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	1,671,031	-	4,331,976	1,130,115
Debt service:				
Principal retirement	1,104,359	6,123,304	-	-
Interest and fiscal charges	40,595	933,497	88,082	-
Total expenditures	54,908,211	7,056,801	8,177,691	1,188,311
Excess (deficiency) of revenues over (under) expenditures	6,725,168	(800,566)	(3,113,006)	(306,740)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	9,150,000	-
Issuance of subscriptions	864,421	-	-	-
Premium on issuance of long-term debt	-	-	542,237	-
Sale of capital assets	48,854	-	-	-
Insurance recoveries	77,951	-	-	-
Transfers from other funds	3,277,470	401,762	8,968,934	6,000,000
Transfers to other funds	(8,400,000)	-	-	-
Total other financing sources (uses)	(4,131,304)	401,762	18,661,171	6,000,000
Net change in fund balances	2,593,864	(398,804)	15,548,165	5,693,260
Fund balances, beginning of year	47,542,607	2,268,218	70,061,339	13,256,085
FUND BALANCES, END OF YEAR	$ 50,136,471	$ 1,869,414	$ 85,609,504	$ 18,949,345

The Notes to the Financial Statements are an integral part of this statement.

SPECIAL REVENUE			
SOUTHLAKE PARKS DEVELOPMENT CORPORATION	COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ 10,685,868	$ 44,730,207
-	-	-	3,367,322
10,827,190	8,020,141	5,130,873	45,818,639
-	-	268,931	2,267,799
362,810	4,481,176	1,724,932	9,158,640
-	-	123,963	1,177,714
-	-	10,881	1,450,768
-	-	-	360,248
375,479	1,098,999	1,556,234	9,761,218
-	21,221	50,879	195,276
-	2,083	21,108	310,807
11,565,479	13,623,620	19,573,669	118,598,638
-	-	-	624,870
-	-	-	1,220,634
-	-	-	754,749
-	-	700,000	6,219,418
-	-	-	467,201
-	-	-	2,185,679
-	-	73,288	860,726
-	-	-	164,467
-	-	-	3,412,494
-	-	3,053,110	12,248,828
-	-	10,881	12,713,730
-	-	-	1,799,979
-	-	421,039	3,011,116
-	-	618,891	5,789,097
-	-	-	1,091,451
-	-	-	1,341,060
2,273,752	5,993,951	57,271	9,835,087
-	-	569,442	4,789,365
-	-	14,999	1,164,728
-	-	1,237,407	1,237,407
-	-	7,216,430	7,216,430
1,069,013	282,247	763,430	9,247,812
-	15,328	4,191,506	11,434,497
-	374	1,061,547	2,124,095
3,342,765	6,291,900	19,989,241	100,954,920
8,222,714	7,331,720	(415,572)	17,643,718
-	-	-	9,150,000
-	-	-	864,421
-	-	-	542,237
-	-	-	48,854
-	-	-	77,951
-	-	5,300,820	23,948,986
(9,079,258)	(2,980,808)	(1,981,372)	(22,441,438)
(9,079,258)	(2,980,808)	3,319,448	12,191,011
(856,544)	4,350,912	2,903,876	29,834,729
14,616,793	24,928,988	33,719,791	206,393,821
$ 13,760,249	$ 29,279,900	$ 36,623,667	$ 236,228,550

City of Southlake, Texas **Exhibit 6**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Fiscal Year Ended September 30, 2025

Net change in fund balances - total governmental funds			$ 29,834,729
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount of capital assets additions recorded in the current period (does not include additions of $1,961,541 allocated from internal service fund).			8,393,276
Depreciation and amortization expense on capital assets are reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expenses are not reported as expenditures in the governmental funds. (does not include $1,597,991 allocated from internal service fund).			(10,169,149)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of the following items:			
Issuance of bonds	$	(9,150,000)	
Bond premiums		(542,237)	
Issuance of SBITAs		(864,421)	
Principal payments on debt		10,230,052	
Principal payments on financed purchases, lease and subscription liabilities		1,204,445	
Amortization of premiums and deferred gains and losses		701,611	
			1,579,450
The changes in net pension liability and deferred outflows/inflows from TMRS are not reported in the governmental funds. This is the net effect of the decrease in the net pension liability, $2,476,751, increase in deferred inflows of resources, ($1,486,598), and decrease in deferred outflows of resources, ($1,797,781).			(807,628)
The changes in total OPEB liability and deferred outflows/inflows from TMRS are not reported in the governmental funds. This is the net effect of the decrease in the total SDBF OPEB liability $14,485, decrease in deferred inflows of resources, $29,314, and decrease in deferred outflows of resources, ($43,663).			(10,918)
The changes in net OPEB liability and deferred outflows/inflows for healthcare are not reported in the governmental funds. This is the net effect of the increase in the total healthcare OPEB asset, $370,522, increase in deferred inflows of resources, ($197,341), and decrease in deferred outflows of resources, ($56,440).			116,741
Current year changes for the following long-term liabilities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds:			
Compensated absences	$	(197,732)	
Accrued interest payable		(141,721)	
Arbitrage liability		(149,510)	
			(488,963)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.			3,377,948
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities, the fair value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.			6,073,564
In the statement of activities, the reassignment of capital assets between governmental activities and business-type activities would be reported as a transfer. Governmental funds would not report this transfer as there is no flow of current financial resources.			(4,168,934)
Gain on disposal of capital assets results in an increase in net position, but the net effect is not reported in governmental funds.			540
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.			211,450
Change in net position of governmental activities			$ 33,942,106

The Notes to the Financial Statements are an integral part of this statement.

Proprietary Funds Financial Statements

City of Southlake, Texas

Statement of Net Position – Proprietary Funds
September 30, 2025

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
ASSETS		
CURRENT ASSETS		
Cash and investments	$ 80,238,078	$ 13,724,402
Receivables, net of allowance for uncollectibles:		
Billed and unbilled trade accounts	6,415,848	-
Interest	358,168	49,366
Prepaid expenses	-	2,184,156
Restricted assets:		
Cash restricted for capital	27,825,422	-
Restricted cash for customer deposits	300,087	-
Total current assets	115,137,603	15,957,924
NON-CURRENT ASSETS		
Capital assets:		
Land	27,841,307	-
Buildings and improvements	935,501	-
Distribution system	163,979,838	-
Equipment	2,774,319	985,740
Vehicles	-	16,005,117
Capacity rights	9,190,988	-
Construction in progress	3,471,445	-
SBITA	87,316	-
Total capital assets	208,280,714	16,990,857
Less: accumulated depreciation and amortization	(107,282,116)	(9,681,117)
Capital assets, net of accumulated depreciation and amortization	100,998,598	7,309,740
Total non-current assets	100,998,598	7,309,740
Total assets	216,136,201	23,267,664
DEFERRED OUTFLOW OF RESOURCES		
Deferred loss on refunding	64,838	-
Deferred outflows - TMRS pension	423,495	-
Deferred outflows - TMRS OPEB	9,981	-
Total deferred outflows of resources	$ 498,314	$ -

The Notes to the Financial Statements are an integral part of this statement.

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 3,843,829	$ -
Accrued liabilities	255,933	-
Retainage payable	91,323	-
Accrued interest payable	247,056	-
Unearned revenue	163,934	-
Current portion of compensated absences	50,340	-
Current portion of subscription liability	4,732	-
Current portion of total OPEB liability	1,240	-
Current portion of general obligation debt	3,060,747	-
Payable from restricted assets:		
Customer meter deposits	300,087	-
Total current liabilities	8,019,221	-
NON-CURRENT LIABILITIES		
Compensated absences	173,663	-
General obligation debt	34,249,054	-
Net pension liability	1,053,290	-
Total OPEB liability	63,127	-
Arbitrage liability	202,253	-
Total non-current liabilities	35,741,387	-
Total liabilities	43,760,608	-
DEFERRED INFLOW OF RESOURCES		
Deferred gain on refunding	184,583	-
Deferred inflows - TMRS pension	87,573	-
Deferred inflows - TMRS OPEB	22,054	-
Total deferred inflows of resources	294,210	-
NET POSITION		
Net investment in capital assets	74,243,805	7,309,740
Restricted for impact fees	12,797,886	-
Unrestricted	85,538,006	15,957,924
TOTAL NET POSITION	$ 172,579,697	$ 23,267,664

City of Southlake, Texas **Exhibit 8**

Statement of Revenues, Expenses,
and Changes in Net Position – Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
OPERATING REVENUES		
Charges for sales and services:		
Water, sewer and garbage	$ 37,231,507	$ -
Service charges	39,119	-
Total operating revenues	37,270,626	-
OPERATING EXPENSES		
Personnel services	2,965,617	-
Contractual services	2,520,189	-
Supplies	336,852	3,000
Utilities	9,515,745	-
Administrative	7,739	-
Maintenance	5,512,599	-
Professional benefits	42,438	-
Depreciation and amortization	5,386,238	1,597,991
Total operating expenses	26,287,417	1,600,991
OPERATING INCOME (LOSS)	10,983,209	(1,600,991)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,158,232	572,541
Gain on disposal of capital assets	28,381	156,398
Interest expense and bond administration expense	(916,575)	-
Total non-operating revenues (expenses)	3,270,038	728,939
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	14,253,247	(872,052)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions - property owners	7,087,871	-
Contributions - impact fees	392,566	-
Transfers from other funds	-	4,250,000
Transfers to other funds	(5,757,548)	-
Total capital contributions and transfers	1,722,889	4,250,000
Change in net position	15,976,136	3,377,948
Net position, beginning of year, as previously presented	156,692,585	19,889,716
Change in accounting principle (GASB 101)	(89,024)	-
Net position, beginning of year, as restated	156,603,561	19,889,716
NET POSITION, END OF YEAR	$ 172,579,697	$ 23,267,664

City of Southlake, Texas

Exhibit 9

Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 37,579,191	$ -
Cash payments to suppliers	(16,591,167)	(3,000)
Cash payments to employees	(2,858,428)	-
Net cash provided by (used in) operating activities	18,129,596	(3,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,889,285)	(2,162,744)
Principal payments on bonds	(2,507,016)	-
Proceeds from issuance of bonds	5,570,000	-
Interest paid on capital debt	(673,739)	-
Bond administrative costs	(7,286)	
Proceeds from disposal of capital assets	28,381	215,118
Contributions - impact fees	392,566	-
Net cash provided by (used in) capital and related financing activities	(86,379)	(1,947,626)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	4,250,000
Transfers to other funds	(5,757,548)	-
Net cash provided by (used in) non-capital financing activities	(5,757,548)	4,250,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net interest received	4,098,444	534,393
Net cash provided by investing activities	4,098,444	534,393
Net change in cash and cash equivalents	16,384,113	2,833,767
CASH AND CASH EQUIVALENTS, beginning of year	91,979,474	10,890,635
CASH AND CASH EQUIVALENTS, end of year	$ 108,363,587	$ 13,724,402
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 80,238,078	$ 13,724,402
Cash restricted for capital	27,825,422	-
Restricted cash for customer deposits	300,087	-
Total cash and cash equivalents	$ 108,363,587	$ 13,724,402
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ 10,983,209	$ (1,600,991)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,386,238	1,597,991
Decrease (increase) in assets and deferred outflows of resources		
Receivables	289,637	-
Deferred outflows of resources - pensions and OPEB	151,438	-
Increase (decrease) in liabilities and deferred outflows of resources		
Payables and accruals	1,398,224	-
Customer deposits	29,675	-
Deferred inflows of resources - pensions and OPEB	63,603	-
Decrease in pension and OPEB liabilities	(161,681)	-
Unearned revenue	(10,747)	-
Net cash provided by (used in) operating activities	$ 18,129,596	$ (3,000)
NON-CASH CAPITAL AND RELATED FINANCING:		
Contributions of capital assets from developers	$ 2,918,938	$ -
Transfers of capital assets from governmental activities	4,168,934	-
	$ 7,087,872	$ -

Fiduciary Fund Financial Statements

City of Southlake, Texas **Exhibit 10**

OPEB Liability Trust Fund
Statement of Fiduciary Net Position
December 31, 2024

	Trust Fund* Southlake OPEB Liability
ASSETS	
Investments	$ 3,053,913
TOTAL ASSETS	$ 3,053,913
NET POSITION	
Restricted for post employment benefits other than pensions	$ 3,053,913
TOTAL NET POSITION	$ 3,053,913

* The Southlake Other Post Employment Benefit (OPEB) Liability Trust Fund is reported as of December 31, 2024.

The Notes to the Financial Statements are an integral part of this statement.

City of Southlake, Texas **Exhibit 11**

OPEB Liability Trust Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2024

	Trust Fund Southlake OPEB Liability
ADDITIONS	
Employer contributions	$ 210,489
Investment earnings, net of unrealized/realized gain/(loss)	183,435
TOTAL ADDITIONS	393,924
DEDUCTIONS	
Benefit payments	70,489
Administrative expenses	9,574
TOTAL DEDUCTIONS	80,063
Change in net position	313,861
Net position, beginning of year	2,740,052
NET POSITION - END OF YEAR	$ 3,053,913

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

General Statement

The City of Southlake (the City) operates under a Home Rule Council – Manager form of government. All powers of the City are vested in an elected council, which enables local legislation, adopts budgets, determines policies and appoints the City Manager. The City Manager is responsible for executing the laws and administering the government of the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Based on these criteria, the financial information of the following entities has been blended within the reporting entity. Individual financial statements are not available for these component units.

Southlake Parks Development Corporation (SPDC) – The SPDC is a nonprofit industrial development corporation formed in January 1994 under the Development Corporation Act of 1979. The SPDC is organized exclusively to act on behalf of the City for the financing, development and operation of parks and recreation facilities. The affairs of the SPDC are managed by a seven member board of directors, of which four are members of the City Council. The annual corporate budget and issuance of debt must be approved by the City Council. Since the Board of the SPDC is substantively the same as the City Council, the SPDC has been reported as a blended component unit.

Southlake Community Enhancement and Development Corporation (CEDC) – The CEDC was formed under the Development Corporation Act of 1979, as amended, Title 12, Subtitle C1 of the Texas Local Government Code. The CEDC is organized to promote economic development within the City, including developing, implementing, providing and financing projects including a community entertainment and recreation center for the City. The CEDC is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. Since the CEDC provides services entirely to the City, it has been reported as a blended component unit.

Southlake Tax Increment Financing District (TIF) – The TIF was formed to finance and make public improvements, under the authority of the Tax Increment Financing Act. The TIF is governed by a nine member board of directors consisting of the eight members appointed by the City Council, and one member appointed by Carroll Independent School District. Since the Board of the TIF is substantively the same as the City Council, the City has operational responsibility for the TIF and the City receives financial benefit from the TIF, the TIF has been reported as a blended component unit.

Southlake Crime Control and Prevention District (CCD) – The CCD was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention Act. The CCD is organized exclusively to act on behalf of the City for the financing, development and crime control throughout the City. The CCD is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. Since the CCD provides services entirely to the City, it has been reported as a blended component unit.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources.

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

General Obligation Debt Service Fund

The General Obligation Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the General Obligation Debt Service Fund is restricted exclusively for debt service expenditures.

General Capital Projects Fund
The General Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds and not accounted for by another capital projects fund.

Southlake Parks Development Corporation Capital Projects Fund
The Southlake Parks Development Corporation Capital Projects (SPDCCP) Fund was established to fund the acquisition and construction of park recreational facilities as approved by the SPDC board of directors. The fund has been funded primarily through the issuance of general obligation debt.

Southlake Parks Development Corporation
The Southlake Parks Development Corporation (SPDC) Fund (Special Revenue) was established to account for the general operations of the non-profit corporation established to finance, develop and operate park and recreational facilities. The SPDC is funded primarily through municipal sales taxes.

Community Enhancement and Development Corporation
The Community Enhancement and Development Corporation (CEDC) Fund (Special Revenue) was established to account for the general operations of the non-profit corporation established to finance, develop and operate a community entertainment and recreation center. The CEDC is funded primarily through municipal sales taxes and user fees.

Proprietary Funds
Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position.

The City reports the following major proprietary fund:

Water and Sewer Enterprise Fund
The Water and Sewer Enterprise Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Additionally, the City reports an Internal Service Fund which is used to account for vehicle and equipment replacement provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds
The City also presents one trust fund, Southlake OPEB Liability Trust Fund. The City's OPEB Liability Trust Fund accounts for the funding of postemployment healthcare benefits for retirees of the City and their dependents which is presented as of December 31, 2024.

Measurement Focus and Basis of Accounting
Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary and fiduciary funds are reported using the accrual basis of accounting. The government-wide, proprietary fund, and fiduciary trust fund financial statements are prepared using the economic resources measurement focus. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments
In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. As of September 30, 2025, the investments held by the City had a remaining maturity of greater than one year from purchase and accordingly are carried at fair value.

The City's cash and cash equivalents are defined as cash on hand, cash and pooled investment demand deposits held with financial institutions, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents also includes long-term investments with maturity of greater than one year. The classification of the City's cash and cash equivalents is reported in Note 2.

The City pools idle cash from all funds for the purpose of increasing income through coordinated investment activities. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool.

Cash and cash equivalents reported as restricted are restricted for debt service, acquisition and construction of capital assets, and for utility deposits held by the City.

Property Taxes
The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal Districts at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2024 levy was based on was $12,035,593,743. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2025 was 0.305 per $100 of assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

Interfund Receivables and Payables
Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions between Funds
Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used and reimbursements, are recorded as transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Inventories
Inventories are stated at cost (first-in, first-out) and are determined annually by taking a physical inventory. Inventory in the general fund consists of gasoline held for consumption and is reported on the consumption method. Under the consumption method the cost is recorded as an expenditure at the time individual inventory items are utilized.

Prepaid Items
Certain payments reflect costs applicable to future periods and are recorded as prepaid items in the government-wide and fund financial statements. These items consist principally of postage and deposits for purchases and are reported on the consumption method.

Leases
Effective October 1, 2021, the City implemented GASB Statement No. 87, Leases, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Lessee – The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary funds financial statements.

At implementation of GASB Statement No. 87, the City initially measured the lease liabilities at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor – The City recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental funds financial statements.

At implementation of GASB Statement No. 87, the City measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a re-measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)
The City has noncancellable contracts with SBITA vendors for the right-to-use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Capital Assets
Capital assets, which include property, plant, equipment, right-to-use lease assets, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized.

Assets capitalized have an original cost of $5,000 or more and over one year of useful life. Depreciation/amortization has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 Years
Water and sewer distribution system	35 - 50 Years
Water hydrants	10 - 15 Years
Water tanks	35 Years
Computer equipment	5 Years
Heavy equipment and vehicles	10 - 20 Years
Light vehicles	2 - 10 Years
Vehicles	5 Years
Improvements	25 Years
Infrastructure	10 Years
Right-to-use buildings	2 - 10 Years
Right-to-use equipment	2 - 10 Years
Right-to-use subscription assets (SBITAs)	1.5 - 10 Years

The street network is not depreciated. The City has elected to use the modified approach in accounting for its street infrastructure. The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The City uses an asset management system to rate street condition and quantify the results of maintenance efforts.

The City has established the Vehicle and Equipment Replacement Internal Service Fund to account for City-owned vehicles and equipment. The fund receives transfers from other funds.

Right-to-use lease and subscription assets are amortized over the duration of the lease or subscription using the straight-line method.

Compensated Absences
City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Employees with 10 to 20 year tenures of continuous employment with the City are eligible to receive payment of their unused sick leave, within certain limitations. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay based upon the years of service. A liability for compensated absences is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured.

Long-Term Obligations
In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as any deferred losses and gains on the refunding of bonds, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are recorded as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions and Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension and net OPEB liabilities (assets), pension and OPEB related deferred outflows and inflows of resources and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Information regarding the City's Total OPEB Liability of its Retiree Health Care Plan is obtained from Public Agency Retirement Services (PARS) through reports prepared for the City by PARS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Deferred Outflows of Resources
In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

Deferred loss on refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year); changes in actuarial assumptions and/or differences between expected and actual economic experience (deferred and amortized over the estimated average remaining lives of participants) and/or differences in projected and actual earnings on pension/OPEB assets (deferred and amortized over a closed five year period).

Deferred Inflows of Resources
In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources, which represents acquisitions of net assets that apply to future periods.

Deferred gain on refunding – these deferred inflows result from the difference in the debt's reacquisition price and its carrying value that was refunded. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/OPEB – Differences in expected and actual experience and differences in assumption changes are deferred and amortized over a closed period equal to the estimated average remaining lives of all employees provided pensions through the plan, while investment experience differences are amortized over a closed 5-year period.

Deferred Inflows from Leases
Collections of lease receivables are deferred in both the governmental fund and government wide financial statements. These amounts are recognized in a systematic manner over the life of the lease.

Deferred Inflows from Unavailable Revenues
In addition to liabilities, the governmental funds balance sheet reports deferred inflows from receivables that were not collected within 60 days of year-end. The deferred inflow from receivables balances and changes are reported as a reconciling amount to the statements of net position and activities.

Fund Balances
The City classifies governmental fund balances as follows:

1. Nonspendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact (example – inventory or permanent funds).
2. Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (example – court technology and court security funds).
3. Committed fund balance – includes amounts that can only be used for specific purposes determined by City Council (example – capital projects and police expenditures).
4. Assigned fund balance – comprises amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or their designee (Chief Financial Officer). In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund (example – facility maintenance and economic investments).
5. Unassigned fund balance – is the residual classification of the General Fund and includes all amounts not contained in other classifications.

The City has also adopted the following policies:

Committed Fund Balance - The City Council is the City's highest level of decision-making authority and approval by ordinance is required to establish, modify, or rescind a fund balance commitment. The ordinance must either be approved or rescinded, as applicable, prior to the last day of the fiscal year. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance - The City Council has authorized the City's Chief Financial Officer as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Unassigned Fund Balance - It is the goal of the City to maintain a fund balance in the General Fund, equal to a minimum of 15% of General Fund budgeted operating expenditures, with the optimum goal of 25%. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances.

It is the goal of the City to maintain 60 days of working capital in the Water and Sewer Enterprise Fund, with the optimum goal of 90 days of working capital.

The City shall also maintain all reserve funds for all statutorily required reserve funds to guarantee debt service.

Order of Expenditure of Funds - When multiple categories of fund balance are available for expenditures, the City will start with the most restricted category and spend those funds first before moving to the next category with available funds (restricted, committed, assigned and unassigned).

During fiscal year 2006, the City began assigning funds for strategic initiatives. The source of these funds is reserves in excess of 25% of General Fund expenditures. The funds will be used for one-time high impact projects involving infrastructure maintenance, community enhancement and capital acquisition and are reported as assigned fund balance in the General Fund. The City reported an assigned fund balance in its General Capital Projects Fund of $53,626,217 on September 30, 2025. This fund balance is assigned with the intent to cash-fund future capital projects.

As of September 30, 2025, the City had the governmental fund balances categorized as follows:

	GENERAL	GENERAL OBLIGATION DEBT SERVICE	GENERAL CAPITAL PROJECTS	SOUTHLAKE PARKS DEVELOPMENT CORPORATION CAPITAL PROJECTS FUND	SOUTHLAKE PARKS DEVELOPMENT CORPORATION SPECIAL REVENUE	COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION SPECIAL REVENUE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
FUND BALANCES								
Nonspendable for:								
Inventories	$ 33,277	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,277
Prepaid items	19,280	-	-	-	-	-	-	19,280
Restricted for:				-				
Debt service	-	1,869,414	-	-	-	-	2,994,773	4,864,187
Capital projects	-	-	19,206,863	-	-	-	-	19,206,863
Municipal court	-	-	-	-	-	-	993,658	993,658
Reinvestment zone	-	-	-	-	-	-	13,567,422	13,567,422
Parks and recreation	-	-	-	18,949,345	13,760,249	29,279,900	2,631,040	64,620,534
Storm water	-	-	6,847,610	-	-	-	2,355,875	9,203,485
Police	-	-	-	-	-	-	7,039,020	7,039,020
Impact Fees	-	-	4,428,814	-	-	-	-	4,428,814
Library	-	-	-	-	-	-	16,612	16,612
Promotion of tourism	-	-	1,500,000	-	-	-	4,930,129	6,430,129
Committed for:				-				
Police	-	-	-	-	-	-	2,032,115	2,032,115
Parks and recreation	-	-	-	-	-	-	63,023	63,023
Assigned for:				-				
Teen Court	24,167	-	-	-	-	-	-	24,167
Senior Center	12,564	-	-	-	-	-	-	12,564
Recycling	84,425	-	-	-	-	-	-	84,425
Reforestation	219,205	-	-	-	-	-	-	219,205
Public art	492,663	-	-	-	-	-	-	492,663
Facility maintenance	14,326,367	-	-	-	-	-	-	14,326,367
Economic investment	3,845,657	-	-	-	-	-	-	3,845,657
Strategic initiatives	13,146,233	-	-	-	-	-	-	13,146,233
Capital projects	-	-	53,626,217	-	-	-	-	53,626,217
Unassigned	17,932,633	-	-	-	-	-	-	17,932,633
TOTAL FUND BALANCES	$ 50,136,471	$ 1,869,414	$ 85,609,504	$ 18,949,345	$ 13,760,249	$ 29,279,900	$ 36,623,667	$ 236,228,550

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Deficit Fund Balance

There are no deficit fund balances reported as of September 30, 2025.

New Accounting Pronouncements
The GASB pronouncements effective in fiscal year 2025 and beyond are listed as follows:

GASB Statement No. 101, *Compensated Absences*, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GASB 101 was implemented in the City's fiscal year 2025 financial statements with a restatement of ($2,155,304) to net position as of October 1, 2024 to reflect the changes adopted to conform to the new standard.

GASB Statement No. 102, *Certain Risk Disclosures*, will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City has implemented this Statement in fiscal year 2025 with no impact to amounts or disclosures previously reported.

GASB Statement No. 103, *Financial Report Model Improvements*, will establish new accounting and financial reporting requirements – or modify existing requirements – related to the following:

- Management's discussion and analysis
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is currently evaluating the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will establish requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It will also establish requirements for capital assets held for sale, including additional disclosures for these capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is currently evaluating the impact of this Statement.

Subsequent Events
The City has evaluated all events or transactions that occurred after September 30, 2025 through February 23, 2026, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.

Note 2. Cash and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2025, the carrying amount of the City's on demand deposits was $16,517,801 and the bank balance was $16,582,559. As of September 30, 2025, none of the City's deposits were uncollateralized.

The following legal and contractual provisions govern deposits and investments:

> The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies.

Among other things, the Public Funds Investment Act (PFIA) requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) and bid solicitation preferences for certificates of deposit.

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio
U.S. Government securities	5 years	100%
Municipal obligations	5 years	50%
Repurchase agreements	90 days	50%
Certificates of deposit	5 years	100%
Bankers acceptances	270 days	20%
Commercial paper	365 days	20%
Money Market Mutual Funds	60 days*	50%
Eligible investment pools	N/A	100%
Insured deposit accounts	N/A	20%

*dollar weighted average maturity

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2025, are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and investments	$ 330,683,118
Restricted cash and investments	29,637,603
Restricted cash for customer deposits	300,087
Total primary government	360,620,808
Trust Fund:	
Investments at fair value	3,053,913
Total fiduciary funds	3,053,913
Total cash and investments	$ 363,674,721

Cash and investments of the primary government as of September 30, 2025 consist of the following:

Cash on hand	$ 4,750
Deposits with financial institutions	16,517,801
Investments at amortized cost	208,280,965
Investments at fair value	135,817,292
Total cash and investments	$ 360,620,808

Disclosures Relating to Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2025, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
U.S. Government securities	$ 115,836,838	N/A	AAA
Mutual funds	19,980,454	N/A	AAAm
TexStar	78,009,576	AAA / AAAm	AAAm
TexPool	43,516,601	AAA / AAAm	AAAm
Lonestar Investment Pool	43,002,344	AAA / AAAm	AAAm
Texas Class	43,752,444	AAA / AAAm	AAAm
Total	$ 344,098,257		

Concentration of Credit Risk
The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2025, the City investments other than external investment pools that represent 5% or more of the City's investments include mutual funds, municipal bonds, commercial paper and U.S. Government securities as described in the table in the following Custodial Credit Risk section.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. As of September 30, 2025, none of the City's cash deposits were uncollateralized.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	Value at 9/30/25	Fair Value Measurements			Percent of Total Investments	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Investments not subject to Fair Value						
Investment Pools						
TexPool	$ 43,516,601	$ -	$ -	$ -	13%	44
TexStar	78,009,576	-	-	-	23%	49
Lonestar Corporate Overnight	43,002,344	-	-	-	11%	40
Texas Class	43,752,444	-	-	-	13%	23
Investments by Fair Value Level						
Federal Farm Cr Bks	12,106,556	-	12,106,556	-	4%	360
Federal Home Loan Banks	5,041,773	-	5,041,773	-	1%	611
U.S. Treasury	98,688,509	-	98,688,509	-	29%	380
Mutual Fund	19,980,454	19,980,454	-	-	6%	28
Total	$ 344,098,257	$ 19,980,454	$ 115,836,838	$ -	100%	192

Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the City at year end. The NAV is a quoted price in an active market.

U.S. Government Securities, commercial paper and municipal bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment in State Investment Pools

The City is a voluntary participant in four investment pools: TexPool, TexStar, Texas CLASS and Lone Star.

State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexStar is administered by Hilltop Securities and JPMorgan Chase. TexStar is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexStar uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares.

Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Public Funds Investment Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies. Texas CLASS is measured at fair value (i.e., net asset value).

The Lone Star Investment Pool (the Pool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an 11 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the City's position in the Pool is the same as the value of the Pool shares.

Note 3. Receivables

Receivables at September 30, 2025, for the government's individual major, nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	General	General Obligation Debt Service	General Capital Projects	SPDC Capital Projects	SPDC Operating Special Revenue
Receivables:					
Property taxes	$ 640,251	$ 131,885	$ -	$ -	$ -
Sales taxes	3,709,456	-	-	-	1,837,287
Accounts	-	-	82,043	-	38,458
Interest	181,431	5,757	261,510	62,770	40,167
Leases	500,322	-	-	-	-
Ambulance	455,835	-	-	-	-
Other	477,876	9	-	-	-
Gross receivables	5,965,171	137,651	343,553	62,770	1,915,912
Less: allowance	329,324	72,451	-	-	-
Net total receivables	$ 5,635,847	$ 65,200	$ 343,553	$ 62,770	$ 1,915,912

	CEDC Special Revenue	Non-Major Governmental	Water and Sewer	Internal Service	Primary Government Total
Receivables:					
Property taxes	$ -	$ -	$ -	$ -	$ 772,136
Sales taxes	1,360,953	744,168	-	-	7,651,864
Accounts	171,268	242,727	6,409,105	-	6,943,601
Interest	91,966	115,463	358,168	49,366	1,166,598
Leases	-	-	-	-	500,322
Ambulance	-	-	-	-	455,835
Other	-	-	75,962	-	553,847
Gross receivables	1,624,187	1,102,358	6,843,235	49,366	18,044,203
Less: allowance	-	2,311	69,219	-	473,305
Net total receivables	$ 1,624,187	$ 1,100,047	$ 6,774,016	$ 49,366	$ 17,570,898

The Water and Sewer Fund and the Storm Water Utility Fund accounts receivable include unbilled charges for services rendered through September 30, 2025, of $2,978,456.

Lease Receivables
The City is a lessor for non-cancelable leases of the right-to-use of land, buildings, and infrastructure for which the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The interest rates for the leases approximate 2.9% annually, and the terms range from 5 to 25 years. The lease receivables that exist at September 30, 2025, relate to leases whose terms expire between December 2024 and January 2028.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City has $500,322 remaining in lease receivables and $453,601 remaining in deferred inflow as of September 30, 2025. The City recorded lease revenue including interest of $243,254 in the fiscal year.

As of September 30, 2025, the expected lease receipts through the expiration of all leases for which the City is a lessor is as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 239,670	$ 13,331	$ 253,001
2027	213,636	6,016	219,652
2028	47,016	284	47,300
Total	$ 500,322	$ 19,631	$ 519,953

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Capital Acquisitions	Sales or Disposals	Adjustments/ Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated/amortized:					
Land	$ 97,561,246	$ 4,923,976	$ -	$ -	$ 102,485,222
Street infrastructure	235,604,673	529,271	-	6,738,007	242,871,951
Construction-in-progress	30,310,495	5,262,341	-	(13,203,448)	22,369,388
Total capital assets not being depreciated/amortized	363,476,414	10,715,588	-	(6,465,441)	367,726,561
Capital assets being depreciated/amortized:					
Land improvements	41,914,608	-	-	180,600	42,095,208
Buildings and building improvements	147,464,249	-	-	1,872,370	149,336,619
Public art	1,956,720	-	-	163,988	2,120,708
Equipment	43,753,052	4,429,260	(2,638,721)	-	45,543,591
Drainage infrastructure	68,694,406	620,317	-	79,549	69,394,272
Right-to-use assets:					
Lease buildings	312,041	-	-	-	312,041
Lease equipment	726,812	-	-	-	726,812
Subscriptions	3,531,488	2,404,313	(765,915)	-	5,169,886
Total capital assets being depreciated/amortized	308,353,376	7,453,890	(3,404,636)	2,296,507	314,699,137
Accumulated depreciation/amortization:					
Land improvements	(29,852,871)	(1,812,361)	-	-	(31,665,232)
Buildings and building improvements	(39,546,102)	(3,359,926)	-	-	(42,906,028)
Public art	(1,377,708)	(94,262)	-	-	(1,471,970)
Equipment	(31,969,590)	(3,509,205)	2,580,000	-	(32,898,795)
Drainage infrastructure	(34,851,979)	(1,897,352)	-	-	(36,749,331)
Right-to-use assets:					
Lease buildings	(78,010)	(104,014)	-	-	(182,024)
Lease equipment	(157,404)	(127,077)	-	-	(284,481)
Subscriptions	(1,589,846)	(862,943)	636,574	-	(1,816,215)
Total accumulated depreciation/amortization	(139,423,510)	(11,767,140)	3,216,574	-	(147,974,076)
Total capital assets being depreciated/amortized, net	168,929,866	(4,313,250)	(188,062)	2,296,507	166,725,061
Governmental activities capital assets, net	$ 532,406,280	$ 6,402,338	$ (188,062)	$ (4,168,934)	$ 534,451,622

	Beginning Balance	Capital Acquisitions	Sales or Disposals	Adjustments/ Transfers	Ending Balance
Business Type Activities:					
Capital assets not being depreciated/amortized:					
Land	$ 21,646,232	$ 2,026,141	$ -	$ 4,168,934	$ 27,841,307
Construction-in-progress	4,701,687	2,852,872	-	(4,083,114)	3,471,445
Total capital assets not being depreciated/amortized	26,347,919	4,879,013	-	85,820	31,312,752
Capital assets being depreciated/amortized:					
Buildings and building improvements	935,501	-	-	-	935,501
Equipment	2,891,880	108,550	(226,111)	-	2,774,319
Capacity rights	9,190,988	-	-	-	9,190,988
Distribution system	159,003,927	892,797	-	4,083,114	163,979,838
Subscriptions	87,316	-	-	-	87,316
Total capital assets being depreciated/amortized	172,109,612	1,001,347	(226,111)	4,083,114	176,967,962
Accumulated depreciation/amortization:					
Buildings and building improvements	(858,176)	(30,318)	-	-	(888,494)
Equipment	(2,718,084)	(50,759)	226,111	-	(2,542,732)
Capacity rights	(5,358,415)	(183,820)	-	-	(5,542,235)
Distribution system	(93,138,966)	(5,092,237)	-	-	(98,231,203)
Subscriptions	(48,346)	(29,106)	-	-	(77,452)
Total accumulated depreciation/amortization	(102,121,987)	(5,386,240)	226,111	-	(107,282,116)
Total capital assets being depreciated/amortized, net	69,987,625	(4,384,893)	-	4,083,114	69,685,846
Business type activities capital assets, net	$ 96,335,544	$ 494,120	$ -	$ 4,168,934	$ 100,998,598

Depreciation/amortization expenses were charged as a direct expense to functions of the primary government as follows:

Governmental activities:	
General government	$ 2,808,611
Public safety	2,484,211
Public works	2,326,238
Culture and recreation	4,148,080
Total depreciation/amortization expense - governmental activities	$ 11,767,140
Business-type activities:	
Water and Sewer	$ 5,386,240

Note 5. Long-Term Debt

The City issues general obligation bonds, combination tax and revenue certificates of obligation and tax notes to provide for the acquisition and construction of major capital facilities and infrastructure. Combination tax and revenue certificates of obligation are issued for both governmental and business-type activities. General obligation bonds, governmental revenue bonds and tax notes pledge the full faith and credit of the City. Combination tax and revenue certificates of obligation are payable from the net revenues of the water and sewer system and general debt service tax.

In prior years, the City has legally defeased certain outstanding general obligation and revenue debt by placing funds into irrevocable trusts pledged to pay all future debt service payments of the refunded debt. Accordingly, a liability for the defeased debt issues is not included in the City's financial statements. As of September 30, 2025, the City had no additional outstanding bonds that were legally defeased.

As of September 30, 2025, the City had $9,881,821 in authorized but unissued general obligation bonds. The City does not anticipate the issuance of additional general obligation debt within the next twelve months.

General obligation bonds, certificates of obligation, tax notes, and governmental revenue bonds are as follows as of September 30, 2025:

General Obligation Bonds and Certificates of Obligation	Final Maturity	Interest Rates	Governmental	Business-Type
$11,300,000 Series 2012, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2032	3.0 - 4.25%	$ 2,460,000	$ 1,155,000
$9,965,000 Series 2012, General Obligation Refunding Bonds	2026	3.0 - 4.25%	820,000	-
$14,250,000 Series 2013, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2033	2.0 - 5.0%	-	1,190,000
$22,295,000 Series 2013, General Obligation Refunding Bonds	2026	2.0 - 5.0%	2,160,000	-
$21,330,000 Series 2014, General Obligation Refunding Bonds	2026	2.0 - 5.0%	65,000	120,000
$8,780,000 Series 2014, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2034	2.0 - 3.5%	-	1,920,000
$3,295,000 Series 2015, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2035	2.75 - 4.0%	-	2,300,000
$7,910,000 Series 2017, General Obligation Refunding Bonds	2028	3.0 - 4.0%	1,312,173	1,397,825
$5,400,000 Series 2017, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2037	2.25 - 5.0%	-	3,760,000
$4,205,000 Series 2018, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2038	3.0 - 4.0%	-	3,070,000
$17,290,000 Series 2019, General Obligation Refunding Bonds	2030	3.0 - 5.0%	2,365,000	3,075,000
$4,240,000 Series 2021, General Obligation Refunding Bonds	2031	1.21%	1,245,000	1,384,000
$8,595,000 Series 2022, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2037	4.0 - 5.0%	4,020,000	-
$9,805,000 Series 2024, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2039	4.0-5.0%	-	9,805,000
$14,720,000 Series 2025, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2035	5.0%	9,150,000	5,570,000
			$ 23,597,173	$ 34,746,825

Governmental Revenue Bonds	Final Maturity	Interest Rates	Governmental
$16,000,000 Series 2014, Southlake Parks Development Corporation, Sales Tax Revenue Refunding Bonds	2027	3%	$ 1,825,000
$24,450,000 Series 2016, Southlake Community Enhancement and Development Corporation, Sales Tax Revenue Bonds	2036	3.00 - 5.00%	16,270,000
$9,945,000 Series 2017, Southlake Community Enhancement and Development Corporation, Sales Tax Revenue Bonds	2036	2.00 - 5.00%	6,575,000
			$ 24,670,000

Governmental Tax Notes	Final Maturity	Interest Rates	Governmental
$3,753,000 Series 2021, Tax Notes	2026	0.83%	$ 680,000
$13,397,000 Series 2023, Tax Notes	2030	3.48%	13,267,000
			$ 13,947,000

During 2025, the City issued $14,720,000 of Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2025 used for improving, extending and equipping the City's combined waterworks and sewer system.

The following is a summary of long-term liability transactions for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds and certificates of obligation	$ 20,745,477	$ 9,150,000	$ (6,298,304)	$ 23,597,173	$ 6,560,251
Sales tax revenue bonds	27,695,000	-	(3,025,000)	24,670,000	2,790,000
Tax notes	14,751,000	-	(804,000)	13,947,000	810,000
Bond premiums (discounts)	3,159,855	542,237	(859,709)	2,842,383	-
Total bonds payable	66,351,332	9,692,237	(10,987,013)	65,056,556	10,160,251
Total OPEB liability - SDBF	803,422	-	(3,431)	799,991	18,633
Net pension liability	14,056,529	-	(2,476,751)	11,579,778	-
Compensated absences*	3,132,308	2,264,012	-	5,396,320	1,209,139
Financed purchase liabilities	208,476	-	(102,748)	105,728	105,728
Right-to-use lease liability	813,519	-	(225,207)	588,312	235,485
Subscription liability	1,817,561	2,404,313	(1,109,119)	3,112,755	770,312
Arbitrage liability	-	149,510	-	149,510	-
Total governmental activities	$ 87,183,147	$ 14,510,072	$ (14,904,269)	$ 86,788,950	$ 12,499,548

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
General obligation bonds and certificates of obligation	$ 31,654,520	$ 5,570,000	$ (2,477,695)	$ 34,746,825	$ 3,060,747
Bond premiums	2,464,449	538,488	(439,961)	2,562,976	-
Total bonds payable	34,118,969	6,108,488	(2,917,656)	37,309,801	3,060,747
Total OPEB liability - SDBF	64,590	-	(223)	64,367	1,240
Net pension liability	1,214,748	-	(161,458)	1,053,290	-
Compensated absences*	81,150	142,853	-	224,003	50,340
Subscription liability	34,052	-	(29,320)	4,732	4,732
Arbitrage liability	-	202,253	-	202,253	-
Total business-type activities	$ 35,513,509	$ 6,453,594	$ (3,108,657)	$ 38,858,446	$ 3,117,059

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, para. 30.

Typically, liquidation of the liabilities for compensated absences, total OPEB, and net pension occurs within the General Fund, Community Enhancement Development Corporation Special Revenue Fund, and the Water and Sewer Enterprise Fund where the payroll costs are incurred.

Typically, liquidation of bonds payable occurs from the General Obligation Debt Service Fund, Southlake Parks Development Corporation Debt Service Fund, and Community Enhancement Development Corporation Debt Service Fund.

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds and Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 6,560,251	959,508	$ 7,519,759
2027	3,527,198	694,722	4,221,920
2028	3,685,724	526,456	4,212,180
2029	3,857,000	348,452	4,205,452
2030	3,614,000	172,558	3,786,558
2031-2035	1,918,000	232,737	2,150,737
2036-2040	435,000	17,500	452,500
Total	$ 23,597,173	$ 2,951,933	$ 26,549,106

Sales Tax Revenue Bonds

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 2,790,000	$ 706,256	$ 3,496,256
2027	2,640,000	618,506	3,258,506
2028	1,890,000	550,556	2,440,556
2029	1,950,000	492,956	2,442,956
2030	2,005,000	433,631	2,438,631
2031-2035	10,990,000	1,212,463	12,202,463
2036-2040	2,405,000	36,509	2,441,509
Total	$ 24,670,000	$ 4,050,877	$ 28,720,877

Tax Notes

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 810,000	$ 462,252	$ 1,272,252
2027	3,115,000	402,967	3,517,967
2028	3,225,000	292,651	3,517,651
2029	3,339,000	178,437	3,517,437
2030	3,458,000	60,169	3,518,169
Total	$ 13,947,000	$ 1,396,476	$ 15,343,476

General Obligation Bonds and Certificates of Obligation

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2026	$ 3,060,747	$ 1,404,538	$ 4,465,285
2027	3,248,802	1,218,472	4,467,274
2028	3,378,276	1,089,175	4,467,451
2029	3,426,000	957,443	4,383,443
2030	3,090,000	831,327	3,921,327
2031-2035	13,458,000	2,474,362	15,932,362
2036-2040	5,085,000	397,769	5,482,769
Total	$ 34,746,825	$ 8,373,086	$ 43,119,911

The City has entered into multiple arrangements for the purpose of financing the purchase of various equipment. The City's arrangements incur interest at 2.9% annually, and have 5 year terms expiring in 2026.

The annual debt service requirement to amortize the financed purchase liabilities outstanding at September 30, 2025, are as follows:

Financed Purchase Liabilities

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	105,728	3,066	108,794
Total	$ 105,728	$ 3,066	$ 108,794

The City has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases. Effective October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. At implementation of this statement, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term.

The City's lessee arrangements incur interest at rates of approximately 2.9% annually; all of which are accounted for within the City's governmental activities. All such arrangements range between 3 and 5 years in length.

The annual debt service requirement to amortize the other lease liabilities outstanding at September 30, 2025, are as follows:

Lease Liabilities

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	235,485	13,073	248,558
2027	158,128	7,487	165,615
2028	125,282	3,719	129,001
2029	69,417	637	70,054
Total	$ 588,312	$ 24,916	$ 613,228

Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make annual or monthly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	SBITA Term in Months	Ending Balance
Governmental activities				
Software	2.240% - 3.591%	5,257,200	16 - 105	$ 3,112,755
Total governmental activities				$ 3,112,755
Business-type activities				
Software	3.591%	62,932	36	$ 4,732
Total business-type activities				$ 4,732

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	$ 770,312	$ 88,746	$ 859,058
2027	571,537	68,483	640,020
2028	512,096	52,282	564,378
2029	522,765	37,313	560,078
2030	438,826	22,060	460,886
2031 - 2033	297,219	13,765	310,984
Total governmental activities	$ 3,112,755	$ 282,649	$ 3,395,404

Fiscal Year Ending	Principal	Interest	Total
2026	$ 4,732	$ 170	$ 4,902
Total business-type activities	$ 4,732	$ 170	$ 4,902

The value of the governmental activities subscription assets as of the end of the current fiscal year was $5,169,886 with accumulated amortization of $1,816,215. The value of the business-type activities subscription assets as of the end of the current fiscal year was $87,316 with accumulated amortization of $77,452.

Note 6. Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2025 were as follows:

	Transfers in:						
	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	Southlake Parks Development Corp - CPF	Nonmajor Governmental Funds	Vehicle and Equipment Replacement Fund	Total transfers
Transfers out:							
General Fund	$ -	$ -	$ 3,900,000	$ -	$ 250,000	$ 4,250,000	$ 8,400,000
Southlake Parks Development Corporation Fund	473,469	-	-	6,000,000	2,605,789	-	9,079,258
Community Enhancement and Development Corporation Fund	535,777	-	-	-	2,445,031	-	2,980,808
Nonmajor Governmental Funds	679,610	401,762	900,000	-	-	-	1,981,372
Water and Sewer Enterprise Fund	1,588,614	-	4,168,934	-	-	-	5,757,548
Total transfers	$ 3,277,470	$ 401,762	$ 8,968,934	$ 6,000,000	$ 5,300,820	$ 4,250,000	$28,198,986

During the year, interfund transfers were used for the following recurring items:

- To allocate indirect charges from the General Fund to the Southlake Parks Development Corporation, Water and Sewer Enterprise Fund, and other nonmajor governmental funds.
- To move revenues from the fund with collection authorization to the General Obligation Debt Service Fund and other nonmajor debt service funds as debt service principal and interest payments become due.
- To move funding for vehicle and equipment replacement to the internal service fund.
- To fund the annual subsidy for commercial vehicle enforcement.

Further, during the year ended September 30, 2025, the City made the following one-time transfers:

- Transfer of $3,500,000 from the General Fund to the General Capital Projects Fund for infrastructure projects.
- Transfer of $400,000 from the General Fund to the General Capital Projects Fund for public art projects.
- Transfer of $6,000,000 from the Southlake Parks Development Corporation Special Revenue Fund to the Southlake Parks Development Corporation Capital Projects Fund for parks projects.
- Transfer of $200,000 from the Hotel Occupancy Tax Fund to the General Capital Projects Fund for parks projects.
- Transfer of $300,000 from the Park Dedication Special Revenue Fund to the General Capital Projects Fund for parks projects.
- Transfer of $400,000 from the Storm Water Utility Fund to the Drainage Capital Projects Fund for drainage projects.
- Transfer of $4,168,934 from the Water and Sewer Enterprise Fund to the General Capital Projects Fund for reimbursement of capital project expenditures.

Capital assets of $4,168,934 were transferred out of the General Capital Projects Fund to the Water and Sewer Enterprise Fund during the year ended September 30, 2025. In the statement of activities, the reassignment of capital assets between governmental activities and business-type activities is reported as a transfer.

Note 7. Retirement Plan

A. Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Employees covered by benefit terms.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	337
Active employees	359
	906

C. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 12.57% and 13.07% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $4,410,203 and were greater than the required contributions by $32,298.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Other private markets	4.0%	7.30%
Real Estate	12.0%	6.70%
Hedge funds	5.0%	6.40%
Private Debt	13.0%	8.20%
Infrastructure	6.0%	6.00%
Private Equity	13.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	$ 150,050,088	$ 134,778,811	$ 15,271,277
Changes for the year:			
Service Cost	5,531,410	-	5,531,410
Interest	10,109,922	-	10,109,922
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,155,880	-	2,155,880
Changes of assumptions	-	-	-
Contributions - employer	-	4,172,806	(4,172,806)
Contributions - employee	-	2,323,561	(2,323,561)
Net investment income	-	14,030,968	(14,030,968)
Benefit payments, including refunds of employee contributions	(6,078,356)	(6,078,356)	-
Administrative expense	-	(89,814)	89,814
Other changes	-	(2,100)	2,100
Net Changes	11,718,856	14,357,065	(2,638,209)
Balance at 12/31/2024	$ 161,768,944	$ 149,135,876	$ 12,633,068

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 37,078,829	$ 12,633,068	$ (7,260,632)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $5,283,455. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,647,161	$ -
Changes in actuarial assumptions	-	(239,109)
Difference between projected and actual investment earnings	-	(1,666,519)
Contributions subsequent to the measurement date	3,473,963	-
Total	$ 6,121,124	$ (1,905,628)

The $3,473,963 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2026	$ 1,077,178
2027	2,268,469
2028	(1,617,437)
2029	(986,677)
Total	$ 741,533

Note 8. Other Postemployment Benefits (OPEB)

The City of Southlake provides for two other postemployment benefit (OPEB) plans; one provides for postemployment health insurance benefits through an agent-multiple employer defined benefit medical plan (Southlake Retiree Health Care Plan), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund, a single employer defined benefit OPEB plan. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability (asset)	$ (1,236,140)	$ 864,358	$ (371,782)
Deferred outflows of resources	533,684	132,016	665,700
Deferred inflows of resources	814,602	323,114	1,137,716
OPEB expense	68,186	29,405	97,591

City of Southlake Retiree Health Care Plan

Plan Description
The City provides other postemployment healthcare benefits in accordance with City policy. Administration of the City of Southlake Retiree Healthcare Plan trust is through Public Agency Retirement Services (PARS) with an IRC Section 115 Irrevocable Exclusive Benefit Trust. Trustee for the plan is US Bank. Ultimate authority for investment decisions and actions necessary to maintain the City's participation in the program resides with the City Manager, appointed as Plan Administrator through a 2009 resolution of the City Council. Investment strategy is currently through the City's selection of PARS Moderately Conservative High Mark Plus.

A third-party administrator is utilized to provide claims administration and payment of claims. Insurance is purchased to provide specific stop loss and aggregate stop loss protection. A separate financial statement is not issued for the plan.

Benefits Provided
Regular full-time employees retiring from the City of Southlake have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan. The City contributes $125 per month towards the premium for retiree insurance coverage or $225 towards the premium for retirees and dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process.

Employees Covered by Benefit Terms
The following table provides a summary of the number of participants in the plan as of December 31, 2024:

Inactive employees currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	349
	352

Contributions
The City's contributions during the fiscal year ending September 30, 2025 were $184,927 and were greater than the required contributions by $77,921. The benefit payments were determined in a manner similar to how the benefit payments for the measurement period were developed. The City, through its budgeting process, determines the annual contributions to the Plan based on the actuarially determined contribution and the availability of funds.

Net OPEB Asset
The City's total OPEB asset is based on an actuarial valuation performed as of December 31, 2024.

Actuarial Assumptions
The total OPEB asset in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	5.00% as of December 31, 2024
Inflation rate	2.50% per year
Salary Increases	3.60% to 11.85% including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct Municipal Retirees of Texas mortality tables were used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Healthcare Cost trend rates	Initial rate of 7.50% declining to ultimate rates of 4.25% after 15 years.
Participation Rates	30% of employees who retire at age 55 or older, or retire through disability retirement at any age, were assumed to maintain their health coverage after retirement.

Single Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.0%; the municipal bond rate is 4.08% (based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index"); and the resulting Single Discount Rate is 5.0%.

The City's has consistently funded the actuarially determined employer contribution, which is based on a closed amortization policy. As a result, the plan's fiduciary net position is projected to be sufficient to pay benefits for all future years.

Changes in the Net OPEB Asset

	Total OPEB (Asset) Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance at 12/31/2023	$ 1,874,434	$ 2,740,052	$ (865,618)
Changes for the year:			
Service Cost	135,113	-	135,113
Interest	95,337	-	95,337
Difference between expected and actual experience	(330,311)	-	(330,311)
Changes of assumptions	113,689	-	113,689
Contributions - employer	-	210,489	(210,489)
Net investment income	-	183,435	(183,435)
Benefit payments, including refunds of employee contributions	(70,489)	(70,489)	-
Administrative expense	-	(9,574)	9,574
Net Changes	(56,661)	313,861	(370,522)
Balance at 12/31/2024	$ 1,817,773	$ 3,053,913	$ (1,236,140)

Consistent with the requirements of GASB Statements No. 74, the employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The $70,489 in benefit payments was paid by the City using its own assets.

The plan fiduciary net position is 168% of the total OPEB liability as of the measurement date, resulting in the net OPEB asset.

The benefit payments during the measurement period were determined as follows:

City's explicit subsidy	$ 9,100
City's implicit subsidy (explicit subsidy *6.746)	61,389
Total benefit payments	$ 70,489

The 6.746 implicit factor equals the ratio of the expected implicit subsidy to the expected explicit subsidy.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and Healthcare Cost Trend Rates
Regarding the sensitivity of the net OPEB asset to changes in the Single Discount Rate, the following presents the plan's net OPEB asset, calculated using a discount rate of 5.00%, as well as what the plan's net OPEB asset would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (4.00%)	Discount Rate (5.00%)	1% Increase in Discount Rate (6.00%)
Net OPEB asset	$ (1,063,175)	$ (1,236,140)	$ (1,390,911)

Regarding the sensitivity of the net OPEB asset to changes in the healthcare cost trend rates, the following presents the plan's net OPEB asset, calculated using the assumed trend rates as well as what the plan's net OPEB asset would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Rate Assumption	1% Increase
Net OPEB asset	$ (1,422,090)	$ (1,236,140)	$ (951,064)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended December 31, 2024, the City recognized OPEB expense of $68,186. At September 30, 2025, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Economic Experiences	$ 8,799	$ (573,028)
Changes in Assumptions	293,011	(241,574)
Investment Experience	65,538	-
Contributions subsequent to the measurement date	166,336	-
	$ 533,684	$ (814,602)

The $166,336 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will increase the net OPEB asset during the year ending September 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30	
2026	$ (11,918)
2027	(11,623)
2028	(107,581)
2029	(107,920)
2030	(79,794)
Thereafter	(128,418)
Total	$ (447,254)

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan were approximately 3,119 years. Additionally, the total plan membership (active employees and inactive employees) was 352. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8.8618 years.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

Other Post Employment Benefits Supplemental Death Benefit Fund

Plan Description
Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided
The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	147
Inactive employees entitled to but not yet receiving benefits	79
Active Employees	359
	585

Contributions
The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.06% and 0.05% in fiscal years 2024 and 2025, respectively. The City's contributions to the SDBF for the year ended September 30, 2025 were $17,042, and were equal to the required contributions.

Total OPEB Liability
The City's Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount rate	4.08%
Retiree's share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairement for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.)

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2024 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were first adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 4.08% and was based on the Bon Buyer "20-Bond GO Index" rate closest to, but not later than, December 31, 2024.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of 12/31/2023	$ 868,012
Changes for the year:	
Service cost	43,059
Interest	33,161
Difference between expected and actual experience	(8,459)
Changes of assumptions	(51,542)
Contributions - employer	(19,873)
Net Changes	(3,654)
Balances as of 12/31/2024	$ 864,358

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	$ 1,047,495	$ 864,358	$ 722,619

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended September 30, 2025, the City recognized OPEB expense of $29,405. At September 30, 2025, the City reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	$ 13,670	$ (36,631)
Changes in actuarial assumptions	105,056	(286,483)
Contributions subsequent to the measurement date	13,290	-
	$ 132,016	$ (323,114)

The $13,290 reported as deferred outflows of resources related to the OPEB plan resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2026.

The other amounts reported as deferred outflows and inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30		
2026	$	(36,891)
2027		(61,109)
2028		(74,554)
2029		(23,280)
2030		(8,554)
Total	$	(204,388)

Note 9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust or under one or more annuity contracts described in Internal Revenue Code Section 401(f). Except as may otherwise be permitted or required by law, no assets or income of the plan shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. In accordance with GASB 97, the plans as amended are not included in the City's financial statements.

Note 10. Risk Financing and Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 1990, the City joined the Texas Municipal League Workers Compensation Joint Insurance Fund ("the Pool") for risks related to employees. Premiums are paid to the Pool, which retains a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. The City continues to carry commercial insurance with Texas Municipal League provided by Mutual of Omaha for other risks including general liability, property, and errors and omissions. There were no significant reductions in coverage in the past year and there were no settlements exceeding insurance coverage in any of the past three years.

Note 11. Commitments and Contingencies

The City has entered into various contracts with the Trinity River Authority (TRA) and other cities. Terms of the agreements provide the City will pay an amount equal to its proportional share of maintenance and operations and debt service based upon volumes of wastewater transported, treated, or disposed of. The City's proportional share of future costs under these contracts is indeterminable and has not been recorded. Payments to the TRA under these contracts for the year ended September 30, 2025 were $4,568,218.

The City has authorized various contracts obligating future funds of the City as the contracted services are performed. Significant amounts unexpended under such contracts at year-end are reflected as reserves for authorized contracts in the applicable funds.

The City has certain claims and litigation pending with respect to matters arising in the normal course of operations. City management is of the opinion that the settlement of these matters will not have a material adverse impact on the City's financial statements.

Note 12. Tax Abatement

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction cost reimbursements. Economic development agreements are considered on a case-by-case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. For the fiscal year ending September 30, 2025, the City rebated $53,374 in sales taxes and $664,337 in hotel occupancy taxes. The City also refunded $700,000 in public improvement reimbursement for the fiscal year ending September 30, 2025.

Required Supplementary Information

Budgetary Comparison Schedules

City of Southlake, Texas **Exhibit A-1**

General Fund

Budgetary Comparison Schedule (GAAP Basis)

For the Fiscal Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes, penalties and interest	$ 28,487,889	$ 27,487,889	$ 27,911,529	$ 423,640
Franchise taxes	3,453,329	3,330,744	3,367,322	36,578
Municipal sales and mixed beverage tax	21,978,469	22,325,000	21,840,435	(484,565)
License, permits and fees	1,414,100	1,653,100	1,998,868	345,768
Charges for services	2,142,237	2,163,377	2,589,722	426,345
Fines and forfeitures	798,500	978,000	1,053,751	75,751
Intergovernmental revenue	72,000	345,000	130,557	(214,443)
Investment income	1,987,500	1,984,500	2,366,429	381,929
Contributions	5,000	72,000	87,150	15,150
Miscellaneous	185,000	185,000	287,616	102,616
Total revenues	60,524,024	60,524,610	61,633,379	1,108,769
EXPENDITURES				
General government				
City secretary/mayor	672,400	672,400	624,870	47,530
City manager's office	1,282,875	1,282,875	1,220,634	62,241
Human resources	1,074,739	924,739	754,749	169,990
Support services	5,832,004	5,849,004	5,519,418	329,586
Economic development	583,626	583,626	467,201	116,425
Finance	2,265,952	2,265,952	2,185,679	80,273
Municipal court	794,143	844,143	787,438	56,705
Teen court	184,485	184,485	164,467	20,018
Information technology	5,311,331	5,211,331	3,412,494	1,798,837
Public safety				
Police services	9,372,390	9,226,390	9,195,718	30,672
Fire services	12,640,044	13,040,394	12,702,849	337,545
Public safety support	1,865,056	1,865,056	1,799,979	65,077
Public works				
Public works administration	2,906,101	2,908,801	2,590,077	318,724
Streets and drainage	1,466,904	1,526,904	1,413,045	113,859
Planning	1,227,780	1,225,030	1,091,451	133,579
Building inspection	1,436,730	1,440,730	1,341,060	99,670
Culture and recreation				
Community services	1,612,877	1,613,377	1,510,113	103,264
Parks and recreation	4,660,415	4,513,915	4,161,255	352,660
Library services	1,265,886	1,276,586	1,149,729	126,857
Capital Outlay	1,034,230	1,034,230	1,671,031	(636,801)
Debt Service				
Principal	-	-	1,104,359	(1,104,359)
Interest	-	-	40,595	(40,595)
Total expenditures	57,489,968	57,489,968	54,908,211	2,581,757
Excess of revenues over expenditures	3,034,056	3,034,642	6,725,168	3,690,526
OTHER FINANCING SOURCES (USES)				
Issuance of subscriptions	-	-	864,421	864,421
Sale of capital assets	-	-	48,854	48,854
Insurance recoveries	-	-	77,951	77,951
Transfers from other funds	3,228,755	3,277,470	3,277,470	-
Transfers to other funds	(7,150,000)	(8,400,000)	(8,400,000)	-
Total other financing sources (uses)	(3,921,245)	(5,122,530)	(4,131,304)	991,226
Net change in fund balance	(887,189)	(2,087,888)	2,593,864	4,681,752
Fund balances, beginning of year	47,542,607	47,542,607	47,542,607	-
FUND BALANCES, END OF YEAR	$ 46,655,418	$ 45,454,719	$ 50,136,471	$ 4,681,752

The Notes to the Budgetary Comparison Schedules are an integral part of this statement.

City of Southlake, Texas **Exhibit A-2**

Southlake Parks Development Corporation Operating Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Fiscal Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Municipal sales tax	$ 10,962,603	$ 11,200,000	$ 10,827,190	$ (372,810)
Charges for services	288,869	311,729	362,810	51,081
Investment income	420,000	325,000	375,479	50,479
Total revenues	11,671,472	11,836,729	11,565,479	(271,250)
EXPENDITURES				
Community services	2,537,522	2,546,892	2,273,752	273,140
Capital outlay	1,082,000	1,082,000	1,069,013	12,987
Total expenditures	3,619,522	3,628,892	3,342,765	286,127
Excess of revenues over expenditures	8,051,950	8,207,837	8,222,714	14,877
OTHER FINANCING USES				
Transfers to other funds	(9,072,648)	(9,079,258)	(9,079,258)	-
Total other financing uses	(9,072,648)	(9,079,258)	(9,079,258)	-
Net change in fund balance	(1,020,698)	(871,421)	(856,544)	14,877
Fund balances, beginning of year,	14,616,793	14,616,793	14,616,793	-
FUND BALANCE, END OF YEAR	$ 13,596,095	$ 13,745,372	$ 13,760,249	$ 14,877

The Notes to the Budgetary Comparison Schedules are an integral part of this statement.

City of Southlake, Texas **Exhibit A-3**

Community Enhancement Development Corporation Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Fiscal Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 8,146,612	$ 8,300,000	$ 8,020,141	$ (279,859)
Charges for services	4,587,766	4,389,490	4,481,176	91,686
Investment income	770,000	900,000	1,098,999	198,999
Contributions	4,933	4,933	21,221	16,288
Miscellaneous	-	-	2,083	2,083
Total revenues	13,509,311	13,594,423	13,623,620	29,197
EXPENDITURES:				
Community services	8,100,770	6,792,654	5,993,951	798,703
Capital outlay	1,634,180	1,634,180	282,247	1,351,933
Debt Service				
Principal	-	-	15,328	(15,328)
Interest	-	-	374	(374)
Total expenditures	9,734,950	8,426,834	6,291,900	2,134,934
Excess of revenues over expenditures	3,774,361	5,167,589	7,331,720	2,164,131
OTHER FINANCING USES:				
Transfers to other funds	(2,978,603)	(2,980,808)	(2,980,808)	-
Total other financing uses	(2,978,603)	(2,980,808)	(2,980,808)	-
Net changes in fund balance	795,758	2,186,781	4,350,912	2,164,131
Fund balances, beginning of year	24,928,988	24,928,988	24,928,988	-
FUND BALANCES, END OF YEAR	$ 25,724,746	$ 27,115,769	$ 29,279,900	$ 2,164,131

The Notes to the Budgetary Comparison Schedules are an integral part of this statement.

Budgetary Data

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council, between sixty and ninety days prior to the beginning of each fiscal year, a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. Annual budgets are legally adopted for the General Fund, the Tax Increment Financing District, Community Enhancement Development Corporation, Crime Control District, Parks Dedication, Hotel Occupancy, Storm Water Utility, Red Light Camera, Police Special Revenue, Parks and Recreation, Court Security and Technology, Library, Commercial Vehicle Enforcement, and Southlake Parks Development Corporation Special Revenue Funds and all Debt Service Funds on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is not employed for proprietary funds. However, the City does adopt an annual budget for those funds for managerial control.

5. During the fiscal year, the City Council may transfer funds allocated to a department to another department or re-estimate revenues or expenditures. The City Manager may transfer budgeted funds within a department. Expenditures should not exceed appropriations at the department level.

6. Budgetary data for the Municipal Jury, Oil and Gas, Truancy Prevention, Disaster Recovery, and all Capital Projects Funds are not presented, as such funds are budgeted over the life of the respective project, and not on an annual basis. Budgetary information for the Proprietary Funds has not been presented since reporting on such budgets is not legally required.

7. General Fund reported expenditures in excess of appropriations for the year ended September 30, 2025 as follows:

    - Capital outlay ($636,801) - Due to GASB 87 and 96, not a true cash flow expenditure over budget.

    - Debt service: Principal ($1,104,359) - Due to GASB 87 and GASB 96, not a true cash flow expenditure over budget.

    - Debt service: Interest ($40,595) - Due to GASB 87 and GASB 96, not a true cash flow expenditure over budget.

Required Pension and OPEB Schedules

City of Southlake, Texas

Schedule of Changes in Net Pension Liability
and Related Ratios
Texas Municipal Retirement System
Last Ten Measurement Years

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021
Total pension liability:				
Service cost	$ 5,531,410	$ 5,197,252	$ 4,838,653	$ 4,328,436
Interest	10,109,922	9,435,242	8,750,754	8,133,486
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,155,880	1,315,727	1,059,885	426,450
Change in assumptions	-	(467,923)	-	-
Benefit payments, including refunds of employee contributions	(6,078,356)	(5,225,884)	(4,150,172)	(3,847,375)
Net change in total pension liability	11,718,856	10,254,414	10,499,120	9,040,997
Total pension liability - beginning	150,050,088	139,795,674	129,296,554	120,255,557
Total pension liability - ending (a)	161,768,944	150,050,088	139,795,674	129,296,554
Plan fiduciary net position:				
Contributions - employer	4,172,806	3,967,997	3,714,760	3,348,713
Contributions - employee	2,323,561	2,229,213	2,070,328	1,871,403
Net investment income	14,030,968	13,917,389	(9,335,205)	14,591,844
Benefit payments, including refunds of employee contributions	(6,078,356)	(5,225,884)	(4,150,172)	(3,847,375)
Administrative expense	(89,814)	(88,341)	(80,641)	(67,416)
Other	(2,100)	(617)	96,229	462
Net change in plan fiduciary net position	14,357,065	14,799,757	(7,684,701)	15,897,631
Plan fiduciary net position - beginning	134,778,811	119,979,054	127,663,755	111,766,124
Plan fiduciary net position - ending (b)	149,135,876	134,778,811	119,979,054	127,663,755
Net pension liability - ending (a) - (b)	$ 12,633,068	$ 15,271,277	$ 19,816,620	$ 1,632,799
Plan fiduciary net position as a percentage of total pension liability	92.19%	89.82%	85.82%	98.74%
Covered payroll	$ 33,122,218	$ 31,845,904	$ 29,576,118	$ 26,441,262
Net pension liability as a percentage of covered payroll	38.14%	47.95%	67.00%	6.18%

Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015
$ 4,289,132	$ 4,190,311	$ 3,919,389	$ 3,579,734	$ 3,482,384	$ 3,222,126
7,554,362	6,945,183	6,379,342	5,865,601	5,393,997	5,090,308
-	-	-	-	-	-
39,572	250,630	537,249	213,937	179,076	102,364
-	324,280	-	-	-	760,500
(2,798,825)	(2,671,062)	(2,506,166)	(1,930,078)	(2,304,726)	(1,921,361)
9,084,241	9,039,342	8,329,814	7,729,194	6,750,731	7,253,937
111,171,316	102,131,974	93,802,160	86,072,966	79,322,235	72,068,298
120,255,557	111,171,316	102,131,974	93,802,160	86,072,966	79,322,235
3,322,051	3,212,690	2,992,110	2,682,629	2,595,919	2,425,455
1,829,612	1,773,541	1,673,450	1,520,518	1,480,965	1,409,008
7,731,319	13,337,326	(2,598,044)	10,284,603	4,588,256	97,252
(2,798,825)	(2,671,062)	(2,506,166)	(1,930,078)	(2,304,726)	(1,921,361)
(49,969)	(75,264)	(50,164)	(53,258)	(51,781)	(59,224)
(1,950)	(2,262)	(2,623)	(2,699)	(2,790)	(2,925)
10,032,238	15,574,969	(491,437)	12,501,715	6,305,843	1,948,205
101,733,886	86,158,917	86,650,354	74,148,639	67,842,796	65,894,591
111,766,124	101,733,886	86,158,917	86,650,354	74,148,639	67,842,796
$ 8,489,433	$ 9,437,430	$ 15,973,057	$ 7,151,806	$ 11,924,327	$ 11,479,439
92.94%	91.51%	84.36%	92.38%	86.15%	85.53%
$ 26,137,309	$ 25,334,408	$ 23,710,761	$ 21,721,689	$ 21,156,637	$ 20,113,150
32.48%	37.25%	67.37%	32.92%	56.36%	57.07%

City of Southlake, Texas
Schedule of Pension Contributions
Texas Municipal Retirement System
Last Ten Fiscal Years

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Actuarially determined contribution	$ 4,377,905	$ 4,105,607	$ 3,792,064	$ 3,547,858	$ 3,244,987
Contribution in relation of the actuarially determined contribution	4,410,203	4,151,701	3,879,580	3,610,307	3,297,682
Contribution deficiency (excess)	$ (32,298)	$ (46,094)	$ (87,516)	$ (62,449)	$ (52,695)
Covered payroll	$ 34,084,513	$ 33,106,641	$ 31,070,964	$ 28,738,669	$ 26,156,402
Contributions as a percentage of covered payroll	12.94%	12.54%	12.49%	12.56%	12.61%

Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
$ 3,131,667	$ 3,101,504	$ 2,829,615	$ 2,580,380	$ 2,508,791
3,201,451	3,182,749	2,894,219	2,654,303	2,632,209
$ (69,784)	$ (81,245)	$ (64,604)	$ (73,923)	$ (123,418)
$ 25,202,798	$ 25,156,408	$ 23,132,172	$ 21,525,552	$ 21,551,426
12.70%	12.65%	12.51%	12.33%	12.21%

City of Southlake, Texas

Schedule of Changes in Net OPEB Liability (Asset)
and Related Ratios
Southlake Net OPEB Liability (Asset) for Health Insurance
Last Eight Measurement Years

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021
Total OPEB liability (asset):				
Service cost	$ 135,113	$ 128,267	$ 120,612	$ 80,561
Interest	95,337	95,803	92,533	97,367
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(330,311)	(16,206)	(163,080)	6,855
Change in assumptions	113,689	(150,440)	89,089	(217,142)
Benefit payments, including refunds of employee contributions	(70,489)	(69,818)	(85,370)	(83,319)
Net change in total OPEB liability (asset)	(56,661)	(12,394)	53,784	(115,678)
Total OPEB liability (asset) - beginning	1,874,434	1,886,828	1,833,044	1,948,722
Total OPEB liability (asset) - ending (a)	1,817,773	1,874,434	1,886,828	1,833,044
Plan fiduciary net position:				
Contributions - employer	210,489	209,818	225,370	323,319
Net investment income	183,435	269,081	(343,355)	117,346
Benefit payments, including refunds of employee contributions	(70,489)	(69,818)	(85,370)	(83,319)
Administrative expense	(9,574)	(8,145)	(7,980)	(7,918)
Net change in plan fiduciary net position	313,861	400,936	(211,335)	349,428
Plan fiduciary net position - beginning	2,740,052	2,339,116	2,550,451	2,201,023
Plan fiduciary net position - ending (b)	3,053,913	2,740,052	2,339,116	2,550,451
Net OPEB liability (asset)- ending (a) - (b)	$ (1,236,140)	$ (865,618)	$ (452,288)	$ (717,407)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	168.00%	146.18%	123.97%	139.14%
Covered payroll	$ 33,824,780	$ 32,671,598	$ 30,420,420	$ 27,287,214
Net OPEB liability (asset) as a percentage of covered payroll	-3.65%	-2.65%	-1.49%	-2.63%

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
$ 73,365	$ 66,950	$ 53,239	$ 55,061
114,848	108,953	87,706	84,496
-	-	-	-
(337,496)	(1,262)	16,549	(3,965)
87,222	8,001	297,855	-
(81,362)	(75,967)	(75,843)	(76,779)
(143,423)	106,675	379,506	58,813
2,092,145	1,985,470	1,605,964	1,547,151
1,948,722	2,092,145	1,985,470	1,605,964
321,362	165,967	172,843	116,779
201,804	207,145	(38,598)	121,500
(81,362)	(75,967)	(75,843)	(76,779)
(6,098)	(5,348)	(4,389)	(3,483)
435,706	291,797	54,013	158,017
1,765,317	1,473,520	1,419,507	1,261,490
2,201,023	1,765,317	1,473,520	1,419,507
$ (252,301)	$ 326,828	$ 511,950	$ 186,457
112.95%	84.38%	74.22%	88.39%
$ 26,994,043	$ 26,143,074	$ 22,468,011	$ 20,607,676
-0.93%	1.25%	2.28%	0.90%

City of Southlake, Texas
Schedule of Contributions
Southlake Net OPEB Liability (Asset) for Health Insurance
Last Eight Fiscal Years

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Actuarially determined contribution	$ 107,006	$ 41,843	$ 39,085	$ 144,728
Contribution in relation of the actuarially determined contribution	184,927	209,480	211,408	229,678
Contribution deficiency (excess)	$ (77,921)	$ (167,637)	$ (172,323)	$ (84,950)
Covered payroll	$ 34,620,184	$ 33,925,759	$ 31,894,347	$ 29,572,038
Contributions as a percentage of covered payroll	0.53%	0.62%	0.66%	0.78%

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
$ 142,458	$ 140,254	$ 89,240	$ 89,240
332,082	301,318	177,639	168,167
$ (189,624)	$ (161,064)	$ (88,399)	$ (78,927)
$ 25,882,453	$ 24,988,882	$ 24,537,271	$ 23,132,172
1.28%	1.21%	0.72%	0.73%

City of Southlake, Texas

Schedule of Changes in the Total OPEB Liability
and Related Ratios
Texas Municipal Retirement System – Supplemental Death Benefits
Last Eight Measurement Years

	Measurement 2024	Measurement 2023	Measurement 2022	Measurement 2021
Total OPEB liability:				
Service cost	$ 43,059	$ 35,030	$ 79,856	$ 66,103
Interest	33,161	32,232	21,624	21,646
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(8,459)	(12,044)	26,255	(26,578)
Change in assumptions	(51,542)	44,005	(467,745)	38,907
Contributions - employer	(19,873)	(19,108)	(14,788)	(13,221)
Net change in total pension liability	(3,654)	80,115	(354,798)	86,857
Total OPEB liability - beginning	868,012	787,897	1,142,695	1,055,838
Total OPEB liability - ending (a)	$ 864,358	$ 868,012	$ 787,897	$ 1,142,695
Covered employee payroll	$ 33,122,218	$ 31,845,904	$ 29,576,118	26,441,273
Net pension liability as a percentage of covered employee payroll	2.61%	2.73%	2.66%	4.32%

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Measurement 2020	Measurement 2019	Measurement 2018	Measurement 2017
$ 52,275	$ 38,002	$ 42,679	$ 34,755
24,403	25,388	23,155	21,919
-	-	-	-
(37,301)	(13,112)	(18,599)	-
156,506	149,523	(56,421)	62,407
(2,614)	(5,067)	(2,371)	(4,344)
193,269	194,734	(11,557)	114,737
862,569	667,835	679,392	$ 564,655
$ 1,055,838	$ 862,569	$ 667,835	$ 679,392
26,137,309	25,334,408	23,710,761	$ 21,721,689
4.04%	3.40%	2.82%	3.13%

City of Southlake, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System – Supplemental Death Benefits
Last Eight Fiscal Years

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Actuarially determined contribution	$ 17,042	$ 19,864	$ 15,327	$ 21,326
Contribution in relation of the actuarially determined contribution	17,042	19,864	15,327	21,326
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 34,084,513	$ 33,106,641	$ 31,070,964	$ 28,738,669
Contributions as a percentage of covered employee payroll	0.05%	0.06%	0.05%	0.07%

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note: There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
$ 10,272	$ 3,206	$ 3,965	$ 2,846
10,272	3,206	3,965	2,846
$ -	$ -	$ -	$ -
$ 26,156,403	$ 25,202,798	$ 25,156,408	$ 23,132,172
0.04%	0.01%	0.02%	0.01%

City of Southlake, Texas **Exhibit A-10**

Condition Rating of Street System
September 30, 2025

	2025	2024	2023	City Required Minimum
International Roughness Index (IRI)	74.3	79.7	73.6	
Pavement Condition Index (PCI)	86.9	80.0	81.2	
Pavement Quality Index (PQI)	87.3	81.2	81.8	78.0

	Needed	Actual	Difference
2021	$ 1,200,000	$ 1,336,244	$ 136,244
2022	1,900,000	1,706,384	(193,616)
2023	1,900,000	1,982,896	82,896
2024	2,500,000	911,077	(1,588,923)
2025	3,333,000	3,600,613	267,613

The City hired a consultant to implement a pavement management system (PMS) to cover all public streets within the City. The condition of street pavement is measured using the Standard for Roads Pavement Condition Index (SRPCI) as developed by the American Society for Testing and Materials (ASTM). The SRPCI is based on a weighted average of thirteen defects found in pavement surfaces. The consultant conducted a pavement condition survey on all City-owned streets. This consisted of a roughness survey and a surface distress survey, along with a deflection survey of selected roads. A present status analysis was conducted using data obtained from pavement condition survey to determine the International Roughness Index (IRI) and the Pavement Condition Index (PCI). These indices were then combined into the composite Pavement Quality Index (PQI). Values of PQI can range from 0 to 100. Typical values for a newly constructed pavement range from 95.0 to 100.0. The PQI level at which a pavement becomes in need of rehabilitation is typically in the 50.0 to 70.0 range. It was the City's policy to maintain a PQI of 73.0 until 2012 when the City increased the minimum PQI to 78.0. Needed maintenance is calculated based upon inspections and the PQI.

In accordance with GASB Statement No. 34, the City is required to report at least three complete condition assessments at transition using the modified approach. The condition assessments were completed by the City and concluded that the eligible infrastructure assets are being preserved at or above the condition level established by the City. Half of the City's public streets will be assessed annually to ensure all public streets are assessed every two years.

The City calculates needed maintenance of its street system annually. However, the scheduling of these road projects often crosses fiscal years. Therefore, actual maintenance may be less than the calculated needed maintenance in one fiscal year and greater than the calculated needed maintenance in the subsequent fiscal year.

Combining and Individual Fund Financial Statements and Schedules

Major Governmental Funds

General Obligation Debt Service Fund

The General Obligation Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds and interest from governmental resources.

City of Southlake, Texas **Exhibit B-1**

General Obligation Debt Service Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Ad valorem taxes, penalties, and interest	$ 6,253,136	$ 6,069,800	$ 6,132,810	$ 63,010
Investment income	130,000	130,000	123,425	(6,575)
Total revenues	6,383,136	6,199,800	6,256,235	56,435
EXPENDITURES				
Debt Service				
Principal	6,123,304	6,123,304	6,123,304	-
Interest	945,466	945,466	933,497	11,969
Total expenditures	7,068,770	7,068,770	7,056,801	11,969
Excess (deficiency) of revenues over (under) expenditures	(685,634)	(868,970)	(800,566)	68,404
OTHER FINANCING SOURCES:				
Transfers from other funds	401,762	401,762	401,762	-
Total other financing sources	401,762	401,762	401,762	-
Net change in fund balance	(283,872)	(467,208)	(398,804)	68,404
Fund balance, beginning of year	2,268,218	2,268,218	2,268,218	-
FUND BALANCE, END OF YEAR	$ 1,984,346	$ 1,801,010	$ 1,869,414	$ 68,404

Special Revenue Funds

The Special Revenue Funds are used to account for revenue sources that are legally restricted or committed to expenditures for specified purposes.

Police Fund – Established to account for resources required to be utilized by the police department.

Parks and Recreation Fund – Established to account for resources restricted for use by the community services department.

Parks Dedication Fund – Established to account for resources restricted for use by the community services department.

Crime Control District Fund – Established to account for the operations of the Crime Control District, which was established for the financing and development of crime control within the City. The Crime Control Fund is funded primarily through the municipal sales taxes.

Hotel Occupancy Fund – Established to account for all revenues and expenditures relating to the hotel occupancy tax received by the City.

Storm Water Utility Fund – Established to account for fees collected for the purpose of improving, upgrading and maintaining the City's drainage system. The City is mandated by the Texas Commission on Environmental Quality (TCEQ) to develop and maintain a Storm Water Management Plan in order to address capacity and quality issues and protect its residents and their properties from possible flooding and pollution problems. Drainage fees are collected to fund the activities required to comply with TCEQ regulations.

Court Security and Technology Fund – Established to account for municipal court fees assessed to provide court security and technology.

Municipal Jury Fund – Established to account for municipal court fees assessed to provide jury services.

Library Fund – Established to account for resources donated for use by library services.

Red Light Camera Fund – Established to account for fees assessed for red light violations captured through the City's camera monitoring system.

Oil and Gas Fund – Established to account for permits fees and the related expenditures for oil and gas drilling.

Commercial Vehicle Enforcement Fund – Established to account for the fees assessed for commercial vehicle violations.

Truancy Prevention – Established to account for municipal court fees assessed to provide for juvenile case manager services.

Tax Increment Financing District – Established to account for the general operations of the TIF, which was formed to finance and make public improvements. The TIF is funded primarily through the assessment of ad valorem taxes.

Disaster Recovery – Established to account for grant awards to provide disaster relief.

Debt Service Funds

The Debt Service Funds are utilized to account for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and related costs arising from the issuance of bonds.

Southlake Parks Development Corporation Debt Service Fund – Established to accumulate resources to finance the debt service of debt issues of the Southlake Parks Development Corporation.

Community Enhancement and Development Corporation Debt Service Fund – Established to accumulate resources to finance the debt service of debt issues for the community entertainment and recreation center.

Capital Projects Funds

The Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of specified capital improvements (other than those financed by proprietary funds).

Community Enhancement and Development Corporation Capital Projects Fund – Established to fund the acquisition and construction of a community entertainment and recreation center as approved by the CEDC board of directors. The fund has been financed through the issuance of sales tax revenue bonds.

Crime Control District Capital Projects Fund – Established to account for the acquisition and construction of capital assets as approved by the District's board of directors. The fund has been funded primarily through the issuance of general obligation debt.

City of Southlake, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2025

	SPECIAL REVENUE			
	Police	Parks and Recreation	Parks Dedication	Crime Control District
ASSETS				
Cash and cash equivalents	$ 71,238	$ 233,116	$ 2,025,679	$ 5,262,596
Receivables, net of allowances for uncollectibles:				
Taxes	-	-	-	436,278
Interest	232	739	6,436	16,475
Other	-	-	-	11,071
TOTAL ASSETS	$ 71,470	$ 233,855	$ 2,032,115	$ 5,726,420
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 7,984	$ -	$ -	$ 1,658
Accrued liabilities	-	-	-	116,502
Due to other governments	-	-	-	122,822
Total liabilities	7,984	-	-	240,982
DEFERRED INFLOWS OF RESOURCES				
Unavailable resources	-	-	-	-
FUND BALANCES				
Restricted	63,486	233,855	-	5,485,438
Committed	-	-	2,032,115	-
Total fund balances	63,486	233,855	2,032,115	5,485,438
TOTAL LIABILITIES AND FUND BALANCES	$ 71,470	$ 233,855	$ 2,032,115	$ 5,726,420

SPECIAL REVENUE						
Hotel Occupancy	Storm Water Utility	Court Security and Technology	Municipal Jury	Library	Red Light Camera
$ 5,043,490	$ 2,138,958	$ 789,278	$ 3,304	$ 16,559	$ 83,032
307,890	-	-	-	-	-
16,319	6,787	2,514	11	53	264
2,632	224,464	-	-	-	-
$ 5,370,331	$ 2,370,209	$ 791,792	$ 3,315	$ 16,612	$ 83,296
426,308	$ -	$ -	$ -	$ -	$ -
12,894	14,334	2,012	-	-	-
-	-	-	-	-	-
439,202	14,334	2,012	-	-	-
1,000	-	-	-	-	-
4,930,129	2,355,875	789,780	3,315	16,612	83,296
-	-	-	-	-	-
4,930,129	2,355,875	789,780	3,315	16,612	83,296
$ 5,370,331	$ 2,370,209	$ 791,792	$ 3,315	$ 16,612	$ 83,296

City of Southlake, Texas

Nonmajor Governmental Funds
Combining Balance Sheet - Continued
September 30, 2025

	SPECIAL REVENUE				
	Oil and Gas	Commercial Vehicle Enforcement	Truancy Prevention	Tax Increment Financing District	Disaster Recovery
ASSETS					
Cash and cash equivalents	$ 62,823	$ 290,471	$ 199,928	$ 13,588,548	$ -
Receivables, net of allowances for uncollectibles:					
Taxes	-	-	-	-	-
Interest	200	907	635	43,136	-
Other	-	-	-	2,249	-
TOTAL ASSETS	$ 63,023	$ 291,378	$ 200,563	$ 13,633,933	$ -
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 50,272	$ -
Accrued liabilities	-	6,676	-	16,239	-
Due to other governments	-	-	-	-	-
Total liabilities	-	6,676	-	66,511	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources	-	-	-	-	-
FUND BALANCES					
Restricted	-	284,702	200,563	13,567,422	-
Committed	63,023	-	-	-	-
TOTAL FUND BALANCES	63,023	284,702	200,563	13,567,422	-
TOTAL LIABILITIES AND FUND BALANCES	$ 63,023	$ 291,378	$ 200,563	$ 13,633,933	$ -

DEBT SERVICE		CAPITAL PROJECTS		
Southlake Parks Development Corporation	Community Enhancement Development Corporation	Community Enhancement Development Corporation	Crime Control District	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ 2,250,076	$ 735,212	$ 2,401,063	$ 1,146,245	$ 36,341,616
-	-	-	-	744,168
7,149	2,336	7,628	3,642	115,463
-	-	-	-	240,416
$ 2,257,225	$ 737,548	$ 2,408,691	$ 1,149,887	$ 37,441,663
$ -	$ -	$ 11,506	$ 27,789	$ 525,517
-	-	-	-	168,657
-	-	-	-	122,822
-	-	11,506	27,789	816,996
-	-	-	-	1,000
2,257,225	737,548	2,397,185	1,122,098	34,528,529
-	-	-	-	2,095,138
2,257,225	737,548	2,397,185	1,122,098	36,623,667
$ 2,257,225	$ 737,548	$ 2,408,691	$ 1,149,887	$ 37,441,663

City of Southlake, Texas

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	SPECIAL REVENUE			
	Police	Parks and Recreation	Parks Dedication	Crime Control District
REVENUES				
Ad valorem taxes, penalties and interest	$ -	$ -	$ -	$ -
Municipal sales tax	-	-	-	2,602,813
Licenses, permits and fees	-	-	268,931	-
Fines and forfeitures	848	-	-	-
Charges for services	-	-	-	33,948
Intergovernmental revenue	-	-	-	-
Investment income	2,815	10,132	91,370	219,586
Contributions	-	41,510	-	-
Miscellaneous	21,108	-	-	-
Total revenues	24,771	51,642	360,301	2,856,347
EXPENDITURES				
Current:				
General government				
Support services	-	-	-	-
Municipal court	-	-	-	-
Public safety				
Police services	11,804	-	-	2,460,663
Fire services	-	-	-	-
Public works				
Public works administration	-	-	-	-
Streets and drainage	-	-	-	-
Cultural and recreation				
Community services	-	48,772	-	-
Parks and recreation	-	-	60,000	-
Library services	-	-	-	-
Promotion of culture and tourism	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	3,754	-	-	162,311
Interest and fiscal charges	546	-	-	9,851
Total expenditures	16,104	48,772	60,000	2,632,825
Excess (deficiency) of revenues over (under) expenditures	8,667	2,870	300,301	223,522
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(300,000)	(113,480)
Total other financing sources (uses)	-	-	(300,000)	(113,480)
Net change in fund balances	8,667	2,870	301	110,042
Fund balances, beginning of year	54,819	230,985	2,031,814	5,375,396
FUND BALANCES, END OF YEAR	$ 63,486	$ 233,855	$ 2,032,115	$ 5,485,438

SPECIAL REVENUE					
Hotel Occupancy	Storm Water Utility	Court Security and Technology	Municipal Jury	Library	Red Light Camera
$ -	$ -	$ -	$ -	$ -	$ -
2,528,060	-	-	-	-	-
-	-	-	-	-	-
-	-	68,708	764	-	-
56,362	1,623,766	-	-	-	-
-	-	-	-	-	-
188,379	69,612	33,811	8	839	4,937
-	-	-	-	9,369	-
-	-	-	-	-	-
2,772,801	1,693,378	102,519	772	10,208	4,937
-	-	-	-	-	-
-	-	73,288	-	-	-
-	-	-	-	-	49,487
-	-	-	-	-	-
-	-	-	-	-	-
-	618,891	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,999	-
1,237,407	-	-	-	-	-
-	-	-	-	-	-
108,644	-	-	-	-	-
19,069	-	2,372	-	-	-
1,919	-	140	-	-	-
1,367,039	618,891	75,800	-	14,999	49,487
1,405,762	1,074,487	26,719	772	(4,791)	(44,550)
-	-	-	-	-	-
(698,750)	(869,142)	-	-	-	-
(698,750)	(869,142)	-	-	-	-
707,012	205,345	26,719	772	(4,791)	(44,550)
4,223,117	2,150,530	763,061	2,543	21,403	127,846
$ 4,930,129	$ 2,355,875	$ 789,780	$ 3,315	$ 16,612	$ 83,296

City of Southlake, Texas

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued

For the Year Ended September 30, 2025

	SPECIAL REVENUE				
	Oil and Gas	Commercial Vehicle Enforcement	Truancy Prevention	Tax Increment Financing District	Disaster Recovery
REVENUES					
Ad valorem taxes, penalties and interest	$ -	$ -	$ -	$ 10,685,868	$ -
Municipal sales tax	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	15,660	37,983	-	-
Charges for services	-	-	-	10,856	-
Intergovernmental revenue	-	-	-	-	10,881
Investment income	2,651	14,904	7,690	533,359	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	2,651	30,564	45,673	11,230,083	10,881
EXPENDITURES					
Current:					
General government					
Support services	-	-	-	700,000	-
Municipal court	-	-	-	-	-
Public safety					
Police services	-	150,397	-	380,759	-
Fire services	-	-	-	-	10,881
Public works					
Public works administration	-	-	-	421,039	-
Streets and drainage	-	-	-	-	-
Cultural and recreation					
Community services	-	-	-	-	-
Parks and recreation	-	-	-	509,442	-
Library services	-	-	-	-	-
Promotion of culture and tourism	-	-	-	-	-
Intergovernmental	-	-	-	7,216,430	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	150,397	-	9,227,670	10,881
Excess (deficiency) of revenues over (under) expenditures	2,651	(119,833)	45,673	2,002,413	-
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	250,000	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	250,000	-	-	-
Net change in fund balances	2,651	130,167	45,673	2,002,413	-
Fund balances, beginning of year	60,372	154,535	154,890	11,565,009	-
FUND BALANCES, END OF YEAR	$ 63,023	$ 284,702	$ 200,563	$ 13,567,422	$ -

DEBT SERVICE		CAPITAL PROJECTS		
Southlake Parks Development Corporation	Community Enhancement Development Corporation	Community Enhancement Development Corporation	Crime Control District	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ -	$ -	$ -	$ -	$ 10,685,868
-	-	-	-	5,130,873
-	-	-	-	268,931
-	-	-	-	123,963
-	-	-	-	1,724,932
-	-	-	-	10,881
137,791	75,403	104,005	58,942	1,556,234
-	-	-	-	50,879
-	-	-	-	21,108
137,791	75,403	104,005	58,942	19,573,669
-	-	-	-	700,000
-	-	-	-	73,288
-	-	-	-	3,053,110
-	-	-	-	10,881
-	-	-	-	421,039
-	-	-	-	618,891
-	-	8,499	-	57,271
-	-	-	-	569,442
-	-	-	-	14,999
-	-	-	-	1,237,407
-	-	-	-	7,216,430
-	-	107,337	547,449	763,430
2,309,000	1,695,000	-	-	4,191,506
301,910	747,181	-	-	1,061,547
2,610,910	2,442,181	115,836	547,449	19,989,241
(2,473,119)	(2,366,778)	(11,831)	(488,507)	(415,572)
2,605,789	2,445,031	-	-	5,300,820
-	-	-	-	(1,981,372)
2,605,789	2,445,031	-	-	3,319,448
132,670	78,253	(11,831)	(488,507)	2,903,876
2,124,555	659,295	2,409,016	1,610,605	33,719,791
$ 2,257,225	$ 737,548	$ 2,397,185	$ 1,122,098	$ 36,623,667

City of Southlake, Texas **Exhibit C-3**

Police Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ -	$ -	$ 848	$ 848
Investment income	1,200	1,800	2,815	1,015
Miscellaneous	-	21,956	21,108	(848)
Total revenues	1,200	23,756	24,771	1,015
EXPENDITURES				
Current:				
Public safety				
Police services	21,030	23,724	11,804	11,920
Debt service:				
Principal retirement	-	-	3,754	(3,754)
Interest and fiscal charges	-	-	546	(546)
Total expenditures	21,030	23,724	16,104	7,620
Excess (deficiency) of revenues over (under) expenditures	(19,830)	32	8,667	8,635
Net change in fund balances	(19,830)	32	8,667	8,635
Fund balances, beginning of year	54,819	54,819	54,819	-
FUND BALANCES, END OF YEAR	$ 34,989	$ 54,851	$ 63,486	$ 8,635

City of Southlake, Texas **Exhibit C-4**

Parks and Recreation Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Investment income	$ 8,000	$ 8,000	$ 10,132	$ 2,132
Contributions	62,600	41,600	41,510	(90)
Total revenues	70,600	49,600	51,642	2,042
EXPENDITURES				
Cultural and recreation				
Community services	87,500	87,500	48,772	38,728
Total expenditures	87,500	87,500	48,772	38,728
Excess (deficiency) of revenues over (under) expenditures	(16,900)	(37,900)	2,870	40,770
Net change in fund balances	(16,900)	(37,900)	2,870	40,770
Fund balances, beginning of year	230,985	230,985	230,985	-
FUND BALANCES, END OF YEAR	$ 214,085	$ 193,085	$ 233,855	$ 40,770

City of Southlake, Texas **Exhibit C-5**

Parks Dedication Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits, and fees	$ 90,000	$ 185,000	$ 268,931	$ 83,931
Investment income	60,000	60,000	91,370	31,370
Total revenues	150,000	245,000	360,301	115,301
EXPENDITURES:				
Current:				
Culture and recreation				
Parks and recreation	60,000	60,000	60,000	-
Excess of revenues over expenditures	90,000	185,000	300,301	115,301
OTHER FINANCING USES:				
Transfers to other funds	-	(300,000)	(300,000)	-
Total other financing uses	-	(300,000)	(300,000)	-
Net change in fund balance	90,000	(115,000)	301	115,301
Fund balances, beginning of year	2,031,814	2,031,814	2,031,814	-
FUND BALANCES, END OF YEAR	$ 2,121,814	$ 1,916,814	$ 2,032,115	$ 115,301

City of Southlake, Texas **Exhibit C-6**

Crime Control District Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 2,652,000	$ 2,652,000	$ 2,602,813	$ (49,187)
Investment income	185,000	185,000	219,586	34,586
Miscellaneous	-	-	33,948	33,948
Total revenues	2,837,000	2,837,000	2,856,347	19,347
EXPENDITURES:				
Public safety				
Police services	2,662,607	2,662,607	2,460,663	201,944
Capital outlay	80,000	80,000	-	80,000
Debt service:				
Principal retirement	-	-	162,311	(162,311)
Interest and fiscal charges	-	-	9,851	(9,851)
Total expenditures	2,742,607	2,742,607	2,632,825	109,782
Excess revenues over expenditures	94,393	94,393	223,522	129,129
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(113,480)	(113,480)	(113,480)	-
Total other financing (uses)	(113,480)	(113,480)	(113,480)	-
Net change in fund balance	(19,087)	(19,087)	110,042	129,129
Fund balances, beginning of year	5,375,396	5,375,396	5,375,396	-
FUND BALANCES, END OF YEAR	$ 5,356,309	$ 5,356,309	$ 5,485,438	$ 129,129

City of Southlake, Texas **Exhibit C-7**

Hotel Occupancy Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 2,347,250	$ 2,500,000	$ 2,528,060	$ 28,060
Investment income	125,000	125,000	188,379	63,379
Miscellaneous revenue	-	-	56,362	56,362
Total revenues	2,472,250	2,625,000	2,772,801	147,801
EXPENDITURES:				
Promotion of culture and tourism	1,548,118	1,548,118	1,237,407	310,711
Capital outlay	-	-	108,644	(108,644)
Debt service:				
Principal retirement	-	-	19,069	(19,069)
Interest and fiscal charges	-	-	1,919	(1,919)
Total expenditures	1,548,118	1,548,118	1,367,039	181,079
Excess revenues over expenditures	924,132	1,076,882	1,405,762	328,880
OTHER FINANCING USES:				
Transfers to other funds	(669,728)	(698,750)	(698,750)	-
Total other financing (uses)	(669,728)	(698,750)	(698,750)	-
Net change in fund balance	254,404	378,132	707,012	328,880
Fund balances, beginning of year	4,223,117	4,223,117	4,223,117	-
FUND BALANCES, END OF YEAR	$ 4,477,521	$ 4,601,249	$ 4,930,129	$ 328,880

City of Southlake, Texas **Exhibit C-8**

Storm Water Utility Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Charges for service	$ 1,619,550	$ 1,618,500	$ 1,623,766	$ 5,266
Investment income	66,000	66,000	69,612	3,612
Total revenues	1,685,550	1,684,500	1,693,378	8,878
EXPENDITURES:				
Public works				
Streets and drainage	617,842	617,842	618,891	(1,049)
Excess revenues over expenditures	1,067,708	1,066,658	1,074,487	7,829
OTHER FINANCING USES:				
Transfers to other funds	(869,184)	(869,142)	(869,142)	-
Total other financing (uses)	(869,184)	(869,142)	(869,142)	-
Net change in fund balance	198,524	197,516	205,345	7,829
Fund balances, beginning of year	2,150,530	2,150,530	2,150,530	-
FUND BALANCES, END OF YEAR	$ 2,349,054	$ 2,348,046	$ 2,355,875	$ 7,829

City of Southlake, Texas **Exhibit C-9**

Court Security and Technology Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ 43,000	$ 43,000	$ 68,708	$ 25,708
Investment income	27,000	27,000	33,811	6,811
Total revenues	70,000	70,000	102,519	32,519
EXPENDITURES				
General government				
Municipal court	117,686	118,316	73,288	45,028
Debt service:				
Principal retirement	-	-	2,372	(2,372)
Interest and fiscal charges	-	-	140	(140)
Total expenditures	117,686	118,316	75,800	42,516
Excess (deficiency) of revenues over (under) expenditures	(47,686)	(48,316)	26,719	75,035
Net change in fund balance	(47,686)	(48,316)	26,719	75,035
Fund balances, beginning of year	763,061	763,061	763,061	-
FUND BALANCES, END OF YEAR	$ 715,375	$ 714,745	$ 789,780	$ 75,035

City of Southlake, Texas **Exhibit C-10**

Library Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Investment income	$ 700	$ 700	$ 839	$ 139
Contributions	4,000	9,200	9,369	169
Total revenue	4,700	9,900	10,208	308
EXPENDITURES				
Cultural and recreation				
Library services	15,000	15,000	14,999	1
Excess (deficiency) of revenues over (under) expenditures	(10,300)	(5,100)	(4,791)	309
Net change in fund balance	(10,300)	(5,100)	(4,791)	309
Fund balances, beginning of year	21,403	21,403	21,403	-
FUND BALANCES, END OF YEAR	$ 11,103	$ 16,303	$ 16,612	$ 309

City of Southlake, Texas **Exhibit C-11**

Red Light Camera Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Investment income	$ 1,500	$ 1,500	$ 4,937	$ 3,437
EXPENDITURES:				
Public safety				
Police services	50,000	50,000	49,487	513
Excess (deficiency) of revenues over (under) expenditures	(48,500)	(48,500)	(44,550)	3,950
Net change in fund balance	(48,500)	(48,500)	(44,550)	3,950
Fund balances, beginning of year	127,846	127,846	127,846	-
FUND BALANCES, END OF YEAR	$ 79,346	$ 79,346	$ 83,296	$ 3,950

City of Southlake, Texas **Exhibit C-12**

Commercial Vehicle Enforcement
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ 20,000	$ 15,000	$ 15,660	$ 660
Investment income	7,000	7,000	14,904	7,904
Total revenues	27,000	22,000	30,564	8,564
EXPENDITURES				
Public safety				
Police services	205,660	205,660	150,397	55,263
Excess (deficiency) of revenues over (under) expenditures	(178,660)	(183,660)	(119,833)	63,827
OTHER FINANCING SOURCES				
Transfers from other funds	250,000	250,000	250,000	-
Total other financing sources	250,000	250,000	250,000	-
Net change in fund balance	71,340	66,340	130,167	63,827
Fund balances, beginning of year	154,535	154,535	154,535	-
FUND BALANCES, END OF YEAR	$ 225,875	$ 220,875	$ 284,702	$ 63,827

City of Southlake, Texas **Exhibit C-13**

Tax Increment Financing District Special Revenue Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes, penalties and interest	$ 9,605,358	$ 10,685,868	$ 10,685,868	$ -
Investment income	300,000	375,000	533,359	158,359
Chargers for services	-	-	10,856	10,856
Total revenues	9,905,358	11,060,868	11,230,083	169,215
EXPENDITURES				
General government:				
Support services	-	700,000	700,000	-
Public safety:				
Police services	380,160	380,160	380,759	(599)
Public works:				
Public works administration	504,000	504,000	421,039	82,961
Culture and recreation:				
Parks and recreation	545,237	545,237	509,442	35,795
Intergovernmental	6,718,991	7,216,430	7,216,430	-
Total expenditures	8,148,388	9,345,827	9,227,670	118,157
Excess of revenues over expenditures	1,756,970	1,715,041	2,002,413	287,372
Net change in fund balance	1,756,970	1,715,041	2,002,413	287,372
Fund balance, beginning of year	11,565,009	11,565,009	11,565,009	-
FUND BALANCE, END OF YEAR	$ 13,321,979	$ 13,280,050	$ 13,567,422	$ 287,372

City of Southlake, Texas **Exhibit C-14**

Southlake Parks Development Corporation Debt Service Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Investment income	$ 69,000	$ 95,000	$ 137,791	$ 42,791
EXPENDITURES:				
Debt service:				
Principal retirement	2,309,000	2,309,000	2,309,000	-
Interest and fiscal charges	302,789	302,789	301,910	879
Total expenditures	2,611,789	2,611,789	2,610,910	879
Excess (deficiency) of revenues over (under) expenditures	(2,542,789)	(2,516,789)	(2,473,119)	43,670
OTHER FINANCING SOURCES:				
Transfers from other funds	2,605,789	2,605,789	2,605,789	-
Total other financing sources	2,605,789	2,605,789	2,605,789	-
Net change in fund balance	63,000	89,000	132,670	43,670
Fund balances, beginning of year	2,124,555	2,124,555	2,124,555	-
FUND BALANCES, END OF YEAR	$ 2,187,555	$ 2,213,555	$ 2,257,225	$ 43,670

City of Southlake, Texas **Exhibit C-15**

Community Enhancement Development Corporation Debt Service Fund
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended September 30, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Investment income	$ 35,000	$ 35,000	$ 75,403	$ 40,403
EXPENDITURES:				
Debt service:				
Principal retirement	1,695,000	1,695,000	1,695,000	-
Interest and fiscal charges	750,031	750,031	747,181	2,850
TOTAL EXPENDITURES	2,445,031	2,445,031	2,442,181	2,850
Excess (deficiency) of revenues over (under) expenditures	(2,410,031)	(2,410,031)	(2,366,778)	43,253
OTHER FINANCING SOURCES:				
Transfers from other funds	2,445,031	2,445,031	2,445,031	-
Total other financing sources	2,445,031	2,445,031	2,445,031	-
Net change in fund balance	35,000	35,000	78,253	43,253
Fund balances, beginning of year	659,295	659,295	659,295	-
FUND BALANCES, END OF YEAR	$ 694,295	$ 694,295	$ 737,548	$ 43,253

Statistical Section

City of Southlake, Texas

Statistical Section (Unaudited)

This part of the City of Southlake's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

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These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity....148

These tables contain information to help the reader assess the City's two most significant local revenue source, the property and sales taxes.

Debt Capacity....152

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information....157

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information....159

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of Southlake, Texas
Net Position by Component
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 364,161,725	$ 385,506,389	$ 392,406,812	$ 399,651,828
Restricted	11,589,350	49,850,439	28,492,591	32,690,100
Unrestricted	80,992,079	45,930,426	78,585,681	87,753,906
Total governmental activities net position	$ 456,743,154	$ 481,287,254	$ 499,485,084	$ 520,095,834
Business-type activities				
Net investment in capital assets	$ 79,055,138	$ 82,251,014	$ 83,461,157	$ 83,223,713
Restricted	6,817,038	7,804,197	8,980,312	6,215,686
Unrestricted	12,487,875	15,721,755	17,935,009	21,579,170
Total business-type activities net position	$ 98,360,051	$ 105,776,966	$ 110,376,478	$ 111,018,569
Primary government				
Net investment in capital assets	$ 443,216,863	$ 467,757,403	$ 475,867,969	$ 482,875,541
Restricted	18,406,388	57,654,636	37,472,903	38,905,786
Unrestricted	93,479,954	61,652,181	96,520,690	109,333,076
Total primary governmental net position	$ 555,103,205	$ 587,064,220	$ 609,861,562	$ 631,114,403

Source: Annual Comprehensive Financial Report

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 415,945,257	$ 432,717,828	$ 444,246,656	$ 450,639,461	$ 472,883,752	$ 483,829,097
25,518,844	39,870,051	99,360,585	121,858,264	111,948,381	113,078,118
96,924,423	95,211,152	62,641,199	66,478,023	88,137,949	107,938,693
$ 538,388,524	$ 567,799,031	$ 606,248,440	$ 638,975,748	$ 672,970,082	$ 704,845,908
$ 76,271,158	$ 77,068,608	$ 77,774,937	$ 75,167,644	$ 74,231,905	$ 74,243,805
10,555,032	10,966,728	9,877,167	8,464,094	11,659,020	12,797,886
29,619,463	36,831,318	45,903,642	62,370,816	70,801,660	85,538,006
$ 116,445,653	$ 124,866,654	$ 133,555,746	$ 146,002,554	$ 156,692,585	$ 172,579,697
$ 492,216,415	$ 509,786,436	$ 522,021,593	$ 525,807,105	$ 547,115,657	$ 558,072,902
36,073,876	50,836,779	109,237,752	130,322,358	123,607,401	125,876,004
126,543,886	132,042,470	108,544,841	128,848,839	158,939,609	193,476,699
$ 654,834,177	$ 692,665,685	$ 739,804,186	$ 784,978,302	$ 829,662,667	$ 877,425,605

City of Southlake, Texas

Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 12,851,787	$ 17,430,052	$ 18,255,444	$ 20,014,583
Public safety	19,300,590	21,179,963	23,962,971	23,881,485
Public works	11,950,671	8,979,020	10,040,453	10,081,721
Culture and recreation	10,655,763	11,780,022	12,775,020	15,955,201
Promotion of culture and tourism	-	-	-	-
Interest on long-term debt	3,005,359	3,834,897	3,047,221	2,750,037
Total governmental activities expenses	57,764,170	63,203,954	68,081,109	72,683,027
Business-type activities:				
Water and sewer	24,741,428	24,703,007	29,068,434	29,873,788
Total business-type activities expenses	24,741,428	24,703,007	29,068,434	29,873,788
Total primary government expenses	$ 82,505,598	$ 87,906,961	$ 97,149,543	$ 102,556,815
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 2,363,499	$ 2,262,247	$ 2,895,701	$ 2,498,549
Public safety	4,620,030	3,929,564	2,495,288	3,001,895
Public works	223,533	143,935	1,635,163	1,724,344
Culture and recreation	1,537,185	1,814,319	1,301,793	2,145,128
Operating grants and contributions	310,636	328,288	459,006	866,518
Capital grants and contributions	2,228,863	7,714,765	1,044,834	1,437,166
Total governmental activities program revenues	11,283,746	16,193,118	9,831,785	11,673,600
Business-type activities:				
Charges for services:				
Water and sewer	25,474,777	27,939,504	32,229,361	29,929,932
Capital grants and contributions	1,638,842	3,851,057	2,367,774	896,652
Total business-type activities program revenues	27,113,619	31,790,561	34,597,135	30,826,584
Total primary government program revenues	$ 38,397,365	$ 47,983,679	$ 44,428,920	$ 42,500,184
Net (Expenses) Revenue				
Governmental activities	$ (46,480,424)	$ (47,010,836)	$ (58,249,324)	$ (61,009,427)
Business-type activities	2,372,191	7,087,554	5,528,701	952,796
Total primary government net expenses	$ (44,108,233)	$ (39,923,282)	$ (52,720,623)	$ (60,056,631)
General Revenues and Other Changes in Net Position				
Governmental activities:				
General revenues:				
Property taxes	$ 34,501,608	$ 37,705,796	$ 40,380,926	$ 41,734,946
Sales taxes	29,047,285	29,968,331	30,822,431	31,868,204
Franchise taxes	2,955,114	2,907,537	2,972,143	3,114,117
Investment income (losses)	379,342	843,082	2,108,804	3,247,401
Gain (Loss) on sale of capital assets	102,960	71,284	-	-
Miscellaneous	136,477	216,881	-	476,577
Transfers	(3,767,400)	(157,975)	1,211,036	1,178,932
Total governmental activities	63,355,386	71,554,936	77,495,340	81,620,177
Business-type activities:				
Interest on investments	94,837	167,068	320,473	868,227
Gain (Loss) on sale of capital assets	317,276	350	-	-
Transfers	3,767,400	157,975	(1,211,036)	(1,178,932)
Miscellaneous	4,095	3,968	4,166	-
Total business-type activities	4,183,608	329,361	(886,397)	(310,705)
Total primary government	$ 67,538,994	$ 71,884,297	$ 76,608,943	$ 81,309,472
Change in Net Position				
Governmental activities	$ 16,874,962	$ 24,544,100	$ 19,246,016	$ 20,610,750
Business-type activities	6,555,799	7,416,915	4,642,304	642,091
Total primary government	$ 23,430,761	$ 31,961,015	$ 23,888,320	$ 21,252,841

Source: Annual Comprehensive Financial Report
Notes: The City started splitting out promotion of culture and tourism in 2024

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 21,275,487	$ 20,990,841	$ 20,685,238	$ 26,292,171	$ 26,994,341	$ 27,449,966
24,054,527	23,642,969	24,915,801	26,658,917	27,798,598	29,067,535
9,839,646	9,122,951	10,111,585	12,108,564	10,709,563	12,945,970
17,665,953	15,367,103	16,970,272	18,657,110	19,939,371	20,390,226
-	-	-	-	871,217	1,818,301
2,171,359	2,076,809	1,979,546	2,071,867	1,867,737	1,564,205
75,006,972	71,200,673	74,662,442	85,788,629	88,180,827	93,236,203
27,490,815	25,730,741	28,397,036	28,506,292	28,969,340	27,203,992
27,490,815	25,730,741	28,397,036	28,506,292	28,969,340	27,203,992
$ 102,497,787	$ 96,931,414	$103,059,478	$ 114,294,921	$ 117,150,167	$120,440,195
$ 1,631,816	$ 1,733,148	$ 1,957,434	$ 1,712,925	$ 2,271,472	$ 2,177,296
2,536,553	2,166,430	803,365	774,891	1,081,451	1,444,393
1,824,434	1,658,723	4,287,138	3,477,348	3,337,594	3,368,835
2,993,552	3,387,430	4,477,031	5,664,775	5,607,865	5,719,233
1,807,473	894,423	8,736,294	825,770	375,784	250,232
1,422,315	5,882,015	2,653,556	2,382,770	4,890,150	7,907,152
12,216,143	15,722,169	22,914,818	14,838,479	17,564,316	20,867,141
32,271,341	32,071,140	37,241,976	37,630,965	35,597,701	37,270,626
1,315,092	3,332,452	1,376,002	2,064,296	1,734,388	3,311,503
33,586,433	35,403,592	38,617,978	39,695,261	37,332,089	40,582,129
$ 45,802,576	$ 51,125,761	$ 61,532,796	$ 54,533,740	$ 54,896,405	$ 61,449,270
$ (62,790,829)	$ (55,478,504)	$ (51,747,624)	$ (70,950,150)	$ (70,616,511)	$ (72,369,062)
6,095,618	9,672,851	10,220,942	11,188,969	8,362,749	13,378,137
$ (56,695,211)	$ (45,805,653)	$ (41,526,682)	$ (59,761,181)	$ (62,253,762)	$ (58,990,925)
$ 41,973,780	$ 41,660,369	$ 41,392,861	$ 42,315,760	$ 43,315,203	$ 44,757,795
32,119,114	38,461,312	43,723,490	47,917,152	44,830,166	45,818,639
2,811,573	2,671,726	2,988,874	3,656,895	3,445,059	3,367,322
1,721,876	101,746	(475,934)	7,934,301	11,116,664	10,184,249
-	-	-	4,156	143,146	283,742
1,222,231	709,736	804,354	512,725	151,752	310,807
1,234,945	1,284,122	1,360,830	1,336,469	1,608,855	1,588,614
81,083,519	84,889,011	89,794,475	103,677,458	104,610,845	106,311,168
566,411	32,272	(171,020)	2,594,308	3,839,868	4,158,232
-	-	-	-	96,269	28,381
(1,234,945)	(1,284,122)	(1,360,830)	(1,336,469)	(1,608,855)	(1,588,614)
-	-	-	-	-	-
(668,534)	(1,251,850)	(1,531,850)	1,257,839	2,327,282	2,597,999
$ 80,414,985	$ 83,637,161	$ 88,262,625	$ 104,935,297	$ 106,938,127	$108,909,167
$ 18,292,690	$ 29,410,507	$ 38,046,851	$ 32,727,308	$ 33,994,334	$ 33,942,106
5,427,084	8,421,001	8,689,092	12,446,808	10,690,031	15,976,136
$ 23,719,774	$ 37,831,508	$ 46,735,943	$ 45,174,116	$ 44,684,365	$ 49,918,242

City of Southlake, Texas
Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	$ 86,286	$ 57,997	$ 86,286	$ 63,189
Committed for:				
Police expenditures	-	46,657	-	-
Assigned for:				
Teen court expenditures	19,835	19,684	19,835	20,427
Senior center expenditures	10,743	10,671	10,743	10,938
Recycling	59,163	52,811	59,163	66,253
Reforestation expenditures	111,728	112,300	111,728	63,030
Public art	-	-	678,829	835,991
Facility maintenance	-	-	6,708,556	7,222,995
Economic investment	-	-	2,237,211	2,282,718
Strategic initiatives	5,297,998	6,052,063	5,299,595	7,585,671
Unassigned	19,762,633	18,745,735	11,799,021	12,517,340
Total general fund	$ 25,348,386	$ 25,097,918	$ 27,010,967	$ 30,668,552
All Other Governmental Funds*				
Nonspendable	$ -	$ -	$ 50,177	$ -
Restricted for:				
Debt service	9,005,985	8,029,607	7,750,782	8,419,008
Capital projects	-	-	-	-
Municipal court expenditures	838,458	868,393	851,104	847,247
Reinvestment zone expenditures	3,851,783	1,954,971	923,093	2,925,977
Parks and recreation	72,654,652	78,664,646	40,726,831	24,372,567
Storm water	-	-	-	-
Police expenditures	-	-	-	-
Impact fees	-	-	-	-
Library expenditures	-	-	-	-
Promotion of culture and tourism	-	-	-	-
Committed for:				
Police expenditures	4,986,804	3,645,226	4,743,948	5,254,694
Parks and recreation	11,125,967	17,968,695	8,904,671	8,815,413
Oil and gas expenditures	53,227	53,404	53,719	54,754
Storm water expenditures	4,856,336	453,374	456,388	465,180
Library expenditures	7,132	7,432	8,338	9,528
Capital projects	-	-	34,285,874	44,554,528
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 107,380,344	$ 111,645,748	$ 98,704,748	$ 95,718,896

Source: Annual Comprehensive Financial Report

Notes: [a] Includes encumbrances and prepaid items.

* The City started splitting parks and recreation with storm water and promotion of culture and tourism in 2020

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 40,839	$ 69,373	$ 401,529	$ 54,317	$ 44,905	$ 52,557
-	-	-	-	-	-
20,693	20,721	20,882	21,862	23,161	24,167
11,064	11,074	11,042	11,486	12,061	12,564
70,395	76,458	138,291	70,977	77,363	84,425
35,150	54,847	96,012	153,918	160,358	219,205
500,819	364,046	441,984	610,439	539,053	492,663
8,813,795	9,351,441	10,064,326	11,843,299	12,934,258	14,326,367
3,525,280	2,870,637	2,950,994	3,225,478	3,541,789	3,845,657
10,603,712	15,096,120	20,306,807	15,383,080	13,189,926	13,146,233
14,022,976	15,810,846	14,681,556	17,594,609	17,019,733	17,932,633
$ 37,644,723	$ 43,725,563	$ 49,113,423	$ 48,969,465	$ 47,542,607	$ 50,136,471
$ -	$ -	$ -	$ -	$ -	$ -
7,102,145	5,594,579	5,751,585	5,632,021	5,052,068	4,864,187
-	-	26,395,656	34,698,804	24,660,776	19,206,863
739,828	775,437	835,268	859,689	920,494	993,658
4,999,895	5,641,893	6,663,970	8,347,195	11,565,009	13,567,422
9,381,019	24,792,059	47,632,465	58,345,188	55,441,867	64,620,534
1,789,612	1,255,873	1,936,358	2,162,574	2,150,530	9,203,485
-	-	7,791,993	8,530,927	7,323,201	7,039,020
-	-	-	-	-	4,428,814
-	-	14,604	19,534	21,403	16,612
1,834,337	2,089,422	2,653,697	3,185,163	4,223,117	6,430,129
5,256,684	6,549,013	1,169,498	1,601,369	2,031,814	2,032,115
11,121,825	1,793,351	55,266	57,448	60,372	63,023
55,424	55,541	-	-	-	-
-	-	-	-	-	-
11,323	12,725	-	-	-	-
45,315,086	44,304,341	-	-	-	-
-	-	19,442,768	27,706,556	45,400,563	53,626,217
(175,833)	-	-	-	-	-
$ 87,431,345	$ 92,864,234	$ 120,343,128	$ 151,146,468	$ 158,851,214	$186,092,079

City of Southlake, Texas

Changes in Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
REVENUES				
Ad valorem taxes, penalties and interest	$ 34,445,902	$ 37,688,372	$ 40,484,511	$ 41,744,243
Franchise taxes	2,955,114	2,907,537	2,972,143	3,114,117
Municipal sales tax and mixed beverage tax	29,047,285	29,968,331	30,822,431	31,868,204
Licenses, permits and fees	4,590,477	4,103,003	2,184,965	3,161,228
Charges for services	1,797,676	1,909,922	1,984,377	4,970,991
Fines and forfeitures	2,011,137	1,969,180	2,040,036	1,798,033
Intergovernmental revenue	128,489	100,899	2,108,228	124,141
Capital recovery fees	1,237,552	308,095	376,004	621,715
Investment income (losses)	71,411	118,956	2,044,822	3,123,081
Contributions	383,732	859,199	97,644	198,449
Miscellaneous	528,093	544,727	481,919	341,934
Total revenues	77,196,868	80,478,221	85,597,080	91,066,136
EXPENDITURES				
General government	9,301,750	9,608,516	11,053,010	12,988,724
Public safety	17,376,310	18,520,588	19,806,464	21,145,351
Public works	5,483,131	19,112,170	23,225,431	5,687,428
Culture and recreation	8,456,526	8,783,323	8,026,149	21,815,043
Promotion of culture and tourism	-	-	-	-
Intergovernmental	4,623,919	5,348,444	6,045,218	6,123,926
Capital outlay	8,658,067	4,800,627	12,214,328	8,285,716
Debt service				
Principal retirement	13,394,604	13,258,185	12,220,242	8,385,059
Interest and fiscal charges	3,796,740	4,084,086	3,695,048	3,175,731
Total expenditures	71,091,047	83,515,939	96,285,890	87,606,978
Excess (deficiency) of revenues over (under) expenditures	6,105,821	(3,037,718)	(10,688,810)	3,459,158
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	-	6,019
Insurance recoveries	-	-	-	-
Issuance of tax notes payable	-	-	-	-
Issuance of general obligation bonds	-	-	-	-
Premium (Discount) on issuance of refunding bonds	-	884,928	-	1,329,086
Issuance of sales tax revenue bonds	24,450,000	9,945,000	-	-
Issuance of refunding bonds	-	3,830,000	-	10,860,000
Issuance of lease	-	-	-	-
Issuance of subscriptions	-	-	-	-
Premium (Discount) on issuance of long-term debt	2,168,153	-	-	-
Payment to refund bond escrow agent	-	(4,309,151)	-	(12,311,639)
Transfer from other funds	23,584,605	23,332,602	23,056,973	17,941,263
Transfer to other funds	(28,352,005)	(24,940,577)	(23,345,937)	(20,662,331)
Total other financing sources (uses)	21,850,753	8,742,802	(288,964)	(2,837,602)
NET CHANGE IN FUND BALANCES	$ 27,956,574	$ 5,705,084	$ (10,977,774)	$ 621,556
Debt service as a percentage of noncapital expenditures	27.5%	22.0%	18.9%	14.6%

Source: Annual Comprehensive Financial Report

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 41,980,391	$ 41,675,661	$ 41,429,872	$ 42,299,595	$ 43,350,717	$ 44,730,207
2,811,573	2,671,726	2,988,874	3,656,895	3,445,059	3,367,322
32,119,114	38,461,312	43,723,490	47,917,152	44,830,166	45,818,639
2,868,166	2,041,189	3,071,428	2,475,077	2,266,949	2,267,799
5,013,769	5,783,552	7,104,883	8,234,710	8,783,400	9,158,640
968,495	954,809	1,213,211	903,685	962,141	1,177,714
1,737,849	760,658	9,974,795	1,545,199	4,014,451	1,450,768
693,293	232,525	773,745	466,928	143,101	360,248
1,634,301	96,183	(448,117)	7,485,826	10,613,238	9,761,218
82,225	72,565	242,645	110,067	90,855	195,276
1,544,346	836,962	324,548	512,725	151,752	310,807
91,453,522	93,587,142	110,399,374	115,607,859	118,651,829	118,598,638
13,233,455	14,236,006	13,493,594	15,976,466	16,107,327	15,910,238
21,534,858	22,015,080	22,719,906	24,066,322	25,686,718	26,762,537
7,834,577	7,177,205	8,861,496	10,287,273	9,003,118	11,232,724
13,226,045	11,202,609	13,118,278	14,545,618	15,841,400	15,789,180
-	-	-	-	871,217	1,237,407
7,214,798	6,049,200	5,934,584	6,454,981	6,849,951	7,216,430
15,951,425	11,521,223	11,601,162	15,026,038	24,681,093	9,247,812
9,896,675	10,341,201	8,645,737	10,777,728	11,001,476	11,434,497
3,108,014	2,629,585	2,321,838	2,436,839	2,485,911	2,124,095
91,999,847	85,172,109	86,696,595	99,571,265	112,528,211	100,954,920
(546,325)	8,415,033	23,702,779	16,036,594	6,123,618	17,643,718
-	27,288	52,124	4,156	43,351	48,854
-	-	-	-	-	77,951
-	-	-	13,397,000	-	9,150,000
-	3,753,000	-	-	-	-
-	-	8,595,000	-	-	-
-	-	-	-	-	-
-	1,989,000	-	-	-	-
-	-	514,162	53,975	752,937	-
-	-	-	3,031,188	377,356	864,421
-	-	737,765	-	-	542,237
-	(1,954,804)	-	-	-	-
15,937,424	14,161,081	28,575,100	27,129,055	24,187,053	23,948,986
(16,702,479)	(14,876,959)	(29,714,270)	(28,992,586)	(25,206,427)	(22,441,438)
(765,055)	3,098,606	8,759,881	14,622,788	154,270	12,191,011
$ (1,311,380)	$ 11,513,639	$ 32,462,660	$ 30,659,382	$ 6,277,888	$ 29,834,729
17.1%	17.6%	14.6%	15.6%	15.4%	14.6%

City of Southlake, Texas **Table 5**

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

	Estimated Market Value				
Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	6,803,420,392	543,329,621	1,076,075,223	6,270,674,790	0.46200
2017	7,728,483,676	544,366,919	1,405,299,263	6,867,551,332	0.46200
2018	8,434,595,190	604,366,009	1,731,612,466	7,307,348,733	0.46200
2019	9,207,076,601	616,734,066	1,898,185,963	7,925,624,704	0.44700
2020	9,875,022,046	660,867,222	2,044,945,094	8,490,944,174	0.41000
2021	10,050,064,169	670,131,158	2,119,446,400	8,600,748,927	0.40500
2022	10,901,930,889	656,909,695	2,175,862,927	9,382,977,657	0.39000
2023	13,402,397,974	694,991,067	3,692,093,268	10,405,295,773	0.36000
2024	16,010,553,069	756,859,920	5,407,631,097	11,359,781,892	0.31900
2025	16,190,376,641	763,770,067	4,918,552,965	12,035,593,743	0.03050

Source: Tarrant Appraisal District

City of Southlake, Texas **Table 6**

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

	City Direct Rates			Overlapping Rates				
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Carroll Independent School District	Tarrant County	Denton County	Tarrant County Hospital District	Tarrant County College District
2016	0.36200	0.10000	0.46200	1.39500	0.264000	0.262000	0.227897	0.149500
2017	0.36200	0.10000	0.46200	1.39000	0.254000	0.248410	0.227897	0.144730
2018	0.36200	0.10000	0.46200	1.38500	0.244000	0.237810	0.224429	0.140060
2019	0.35700	0.09000	0.44700	1.38000	0.234000	0.225570	0.224429	0.136070
2020	0.33000	0.08000	0.41000	1.30000	0.234000	0.225280	0.224429	0.130170
2021	0.33000	0.07500	0.40500	1.28640	0.234000	0.224990	0.224429	0.130170
2022	0.32500	0.06500	0.39000	1.26860	0.229000	0.233090	0.224429	0.130170
2023	0.29500	0.06500	0.36000	1.21880	0.224000	0.217543	0.224429	0.130170
2024	0.26400	0.05500	0.31900	1.00250	0.194500	0.189485	0.194500	0.112170
2025	0.25000	0.05500	0.30500	0.96170	0.187500	0.187869	0.182500	0.112280

Source: Tarrant Appraisal District

City of Southlake, Texas **Table 7**

Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

2025			2016		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[a]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[b]
KRG Town Square Ventures LLC	$ 355,969,563	2.96%	Verizon Wireless Texas LLC	$ 172,818,555	2.79%
Cellco Partnership	97,014,735	0.81%	Town Square Ventures LP	141,692,722	2.29%
MCI Communications Svcs Inc	72,870,632	0.61%	SLTS Grand Avenue/II LP	80,996,312	1.31%
5C SL Park Village LLC	61,005,178	0.51%	Wyndham Properties Ltd	56,153,054	0.91%
Carroll/1709 Ltd	59,000,000	0.49%	Sabre Headquarters LLC	54,803,383	0.88%
Ameritrade Services Company Inc	50,442,582	0.42%	Carroll/1709 Ltd	50,236,877	0.81%
1400 Plaza Place Southlake Owner LLC	50,000,000	0.42%	H & C Southlake Hilton LLC	45,538,856	0.73%
Southlake Investor LLC	41,321,552	0.34%	Inland Western Southlake Corners Ltd	31,208,142	0.50%
DSL Landlord II LLC	41,070,026	0.34%	Cambridge 114 Inc	29,435,986	0.47%
Oncor Electric Delivery Co LLC	36,426,103	0.30%	Costco Wholesale Corporation	22,492,599	0.36%
Total	$ 865,120,371	7.20%	Total	$ 685,376,486	11.05%
Total Assessed Valuation	12,035,593,743	100.00%	Total Assessed Valuation	6,199,833,416	100.00%

Source: Tarrant Appraisal District

Notes: [a]Taxpayers are assessed on January 1, 2024 (2024 tax year) for the 2025 fiscal year.
[b]Taxpayers are assessed on January 1, 2015 (2015 tax year) for the 2016 fiscal year.

City of Southlake, Texas **Table 8**

Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections	
Fiscal Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	28,965,792	28,684,131	99.03	170,212	28,854,343	99.62
2017	31,410,934	31,054,006	98.86	95,762	31,149,768	99.17
2018	33,358,429	32,975,600	98.85	66,132	33,041,732	99.05
2019	34,957,519	34,486,820	98.65	13,609	34,500,429	98.69
2020	34,109,141	33,572,469	98.43	91,517	33,663,986	98.69
2021	34,329,457	33,833,652	98.56	(85,748)	33,747,904	98.31
2022	34,526,168	34,013,771	98.52	(38,751)	33,975,020	98.40
2023	34,929,247	34,409,848	98.51	(19,884)	34,389,964	98.46
2024	35,165,809	34,649,633	98.53	54,424	34,704,057	98.53
2025	36,212,175	35,484,373	97.99	-	35,484,373	95.69

Source: Tarrant County Tax Office

City of Southlake, Texas **Table 9**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Tax Notes	Financed Purchases	Leases	Subscriptions
2016	40,733,282	29,511,905	48,330,000	-	-	-	-
2017	39,022,933	18,706,525	57,207,643	-	-	-	-
2018	30,112,187	11,050,000	53,605,000	-	-	-	-
2019	40,949,900	6,606,486	44,592,458	-	-	-	-
2020	33,224,148	6,172,109	41,767,697	-	-	-	-
2021	27,428,338	3,782,833	38,832,936	3,753,000	-	-	-
2022	22,757,701	12,783,180	35,788,175	2,686,000	405,368	338,051	-
2023	17,925,536	10,953,008	32,648,415	15,420,000	308,329	448,904	2,165,395
2024	12,933,845	9,282,834	29,383,653	14,751,000	208,476	813,519	1,817,561
2025	8,455,209	16,480,455	26,173,892	13,947,000	105,728	588,312	3,112,755

	Business-Type Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Contract Revenue Obligations	Subscriptions	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2016	12,974,232	29,143,202	-	385,000	-	161,077,621	9.30	5,694
2017	13,846,422	28,963,708	-	-	-	157,747,231	8.08	5,358
2018	9,187,813	30,550,000	-	-	-	134,505,000	6.14	4,547
2019	14,816,097	22,463,654	-	-	-	129,428,595	6.01	4,270
2020	12,678,798	21,352,753	-	-	-	115,195,505	5.29	3,793
2021	12,916,025	18,217,805	-	-	-	104,930,937	4.84	3,363
2022	11,319,357	17,193,400	-	-	-	103,271,232	4.12	3,271
2023	9,676,216	16,128,995	-	-	-	105,674,798	4.09	3,305
2024	8,020,271	26,098,698	-	-	34,052	103,343,909	2.99	3,192
2025	6,442,963	30,866,840	-	-	4,732	106,177,886	3.03	3,189

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 14 for personal income and population data.

City of Southlake, Texas **Table 10**

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2016	53,707,514	58,655,107	112,362,621	6,899,109	105,463,512	1.68%	3,728
2017	52,869,355	47,670,233	100,539,588	7,444,512	93,095,076	1.36%	3,162
2018	39,300,000	41,600,000	80,900,000	7,345,622	73,554,378	1.01%	2,487
2019	55,765,997	29,070,140	84,836,137	8,009,333	76,826,804	0.97%	2,535
2020	45,902,946	27,524,862	73,427,808	6,774,153	66,653,655	0.78%	2,195
2021	40,344,363	22,000,638	62,345,001	5,315,367	57,029,634	0.66%	1,828
2022	34,077,058	29,976,580	64,053,638	5,436,574	58,617,064	0.62%	1,857
2023	27,601,752	27,082,003	54,683,755	5,256,902	49,426,853	0.48%	1,546
2024	20,954,116	35,381,535	56,335,651	4,776,366	51,559,285	0.45%	1,593
2025	14,898,172	47,347,295	62,245,467	4,475,582	57,769,885	0.48%	1,735

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 14 for population data.

City of Southlake, Texas **Table 11**

Direct and Overlapping Governmental Activities Debt
As of September 30, 2025
(Unaudited)

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Share of Overlapping Debt
Debt repaid with property taxes			
Carroll ISD	$ 233,465,000	84.42%	$ 197,091,153
Denton County	721,100,000	0.18%	1,297,980
Grapevine-Colleyville ISD	302,425,000	1.52%	4,596,860
Keller ISD	678,700,000	2.43%	16,492,410
Northwest ISD	2,988,390,000	1.04%	31,079,256
Tarrant County	314,050,000	3.86%	12,122,330
Tarrant County College District	547,535,000	3.86%	21,134,851
Tarrant County Hospital District	431,255,000	3.86%	16,646,443
Subtotal, overlapping debt			300,461,283
City of Southlake (direct debt)	$ 68,863,351	100.00%	68,863,351
Total direct and overlapping debt			$ 369,324,634

Source: Municipal Advisory Council of Texas.

Note: Includes only debt of the City's governmental activities.

Note: Per the Municipal Advisory Council of Texas, the overlapping percentages are calculated by determining the estimated share assessed valuation of taxable property within the overlapping taxing bodies and the City, and then dividing that share value by the total assessed value of taxable property within the overlapping tax body.

City of Southlake, Texas **Table 12**

Pledged-Revenue Coverage – Southlake Parks Development Corporation
Last Ten Fiscal Years
(Unaudited)

	Southlake Parks Development Corporation - Sales Tax Revenue Refunding Bonds				
		Debt Service			
Fiscal Year	Sales Tax Collections	Principal	Interest	Total Annual Requirement[a]	Times Coverage
2016	7,318,490	1,150,000	429,150	1,579,150	4.63
2017	7,578,446	1,190,000	394,050	1,584,050	4.78
2018	7,705,009	1,225,000	357,825	1,582,825	4.87
2019	7,741,005	1,260,000	320,550	1,580,550	4.90
2020	7,908,601	1,300,000	282,150	1,582,150	5.00
2021	9,249,930	1,340,000	242,550	1,582,550	5.84
2022	10,610,993	1,385,000	201,675	1,586,675	6.69
2023	12,829,196	1,415,000	159,675	1,574,675	8.15
2024	10,661,725	1,460,000	116,550	1,576,550	6.76
2025	10,827,190	1,330,000	74,700	1,404,700	7.71

Note: [a]Includes Principal and Interest

City of Southlake, Texas **Table 13**

Pledged-Revenue Coverage – Southlake Community Enhancement and Development Corporation
Last Ten Fiscal Years
(Unaudited)

		Southlake Community Enhancement and Development Corporation - Sales Tax Revenue Bonds				
			Debt Service			
Fiscal Year		Sales Tax Collections	Principal	Interest	Total Annual Requirement[a]	Times Coverage
2016	(1)	$ 5,421,104	$ -	$ -	$ -	- %
2017		5,613,664	-	869,749	869,749	6.45
2018		5,707,414	1,190,000	1,252,239	2,442,239	2.34
2019		5,734,078	1,280,000	1,163,406	2,443,406	2.35
2020		5,858,223	1,340,000	1,102,406	2,442,406	2.40
2021		6,851,800	1,410,000	1,033,656	2,443,656	2.80
2022		7,859,995	1,475,000	968,056	2,443,056	3.22
2023		8,463,832	1,540,000	899,206	2,439,206	3.47
2024		7,897,574	1,620,000	822,556	2,442,556	3.23
2025		8,020,141	1,695,000	747,181	2,442,181	3.29

Note: [a]Includes Principal and Interest

(1) This was the year of issuance. Accordingly, no principal or interest payments were scheduled in this year, and no debt was outstanding in the previous 2 years that was secured by pledged revenue.

City of Southlake, Texas **Table 14**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Fiscal Year	Estimated Population[a]	Personal Income	Per Capita Personal Income	School Enrollment[c]	Unemployment Rate[d]
2016	28,290	1,732,875,660	61,254	8,177	3.5%
2017	29,440	1,951,901,440	66,301	8,190	3.0%
2018	29,580	2,189,038,320	74,004	8,341	3.2%
2019	30,310	2,151,828,140	70,994	8,344	2.7%
2020	30,370	2,177,863,070	71,711	8,509	5.2%
2021	31,199	2,169,765,654	69,546	8,318	3.6%
2022	31,569	2,506,862,721	79,409	8,382	3.1%
2023	31,975	2,585,274,675	80,853	8,464	3.9%
2024	32,376	3,453,871,680	106,680	8,280	4.0%
2025	33,297	3,503,708,544	105,226	8,094	4.4%

Note: [a]City of Southlake Economic Development
[b]Carroll Independent School District
[c]Texas Workforce Commission

City of Southlake, Texas **Table 15**

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2025		2016	
Employer[a]	Employees[a]	Percentage of Total City Employment	Employees[a]	Percentage of Total City Employment
Sabre Holdings	1,900	13.33%	3,600	29.13%
Charles Schwab	1,650	11.58%	-	0.00%
Carroll ISD	1,150	8.07%	1,100	8.90%
Keller Williams	650	4.56%	693	5.61%
Verizon Wireless	625	4.39%	750	6.07%
City of Southlake	581	4.08%	-	0.00%
Gateway Church	570	4.00%	824	6.67%
Total	7,126	50.02%	6,967	56.37%
Total Southlake Daytime Employees[b]	14,244		12,361	

Source: [a]City of Southlake Economic Development
[b]Texas Workforce Commission

City of Southlake, Texas **Table 16**

Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government and Administration	51.00	57.00	60.00	74.00	75.75	78.14	80.64	82.64	82.63	81.63
Public Safety	140.95	139.95	141.45	145.15	145.15	145.15	145.15	149.70	150.55	148.55
Public Works	35.25	34.50	35.50	35.00	35.00	35.00	34.35	35.35	35.35	35.35
Culture and Recreational	71.40	72.03	114.78	108.93	111.80	113.93	113.93	121.48	121.48	119.48
Water and Sewer	30.25	31.00	31.00	31.00	30.00	30.00	31.65	31.65	31.65	31.65
Community Development	23.00	23.00	23.00	22.00	23.00	22.50	22.50	23.50	23.50	23.50
Economic Development	4.00	1.00	1.00	2.00	3.63	3.63	4.00	4.00	4.00	4.00
Total	355.85	358.48	406.73	418.08	424.33	428.35	432.22	448.32	449.16	444.16

Source: City Budget

City of Southlake, Texas **Table 17**

Operations Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Number of employees	68	67	68	72	72	72	72	76	76	76
Number of violations (citations)	15,003	13,840	13,492	13,759	9,095	8,230	9,551	7,342	8,582	10,193
Number of arrests	513	1,148	1,027	719	1,025	838	640	324	367	506
Number of alarm calls	3,673	3,284	3,434	3,171	2,465	2,549	893	1,469	1,523	1,434
Fire										
Number of employees	73	73	73	73	73	73	73	74	74	72
Number of fire runs	760	807	811	748	999	1,036	834	894	940	786
Number of EMS runs	1,745	1,808	1,802	1,875	1,517	1,994	2,256	2,418	2,423	2,724
Number of hazardous materials runs	95	105	109	90	94	92	111	93	151	140
Number of alarm calls	608	652	651	678	602	748	659	590	598	670
Development Services										
Streets maintained (miles)	209	199	211	213	214	214	214	217	217	218
Streets crack sealed (blocks)	N/A	75	391	384	5	0	68	0	0	0
Roadway signage replaced/installed	568	N/A	21	136	13	132	128	137	165	144
Asphalt repairs (tons)	4,667	6,671	5,191	6,100	213	7,747	151	250	375	454
Concrete repairs to roads/sidewalks (cu. yds.)	308	1,462	1,188	503	41	1,269	11	7	15	20
Right-of-way maintenance (miles)	N/A	5	417	417	558	55	7	2	9	10
Building permits Issued[a]	2,703	3,163	3,453	3,133	2,834	3,209	3,372	2,990	2,827	3,017
Planning & zoning cases heard	190	100	110	76	62	82	53	65	77	81
Cultural and Recreational										
Parks and Recreation										
Park maintain & operate per acre	1,106	1,106	1,106	1,106	1,106	561	561	561	1,139	1,139
Participants in leisure service programs	8,687	8,735	9,844	17,555	8,065	7,360	13,010	25,000	22,790	23,722
Participants in special events	66,000	72,625	71,400	65,000	900	36,300	44,000	48,000	54,700	47,900
Participants in senior center programs	8,868	13,449	13,552	14,068	4,989	6,390	6,691	8,663	10,219	11,107
Library										
Volumes in collection	45,416	44,899	43,947	41,789	43,699	41,895	42,607	42,034	42,533	44,899
Patrons	13,461	13,764	14,327	15,267	13,274	14,467	15,446	17,054	15,450	15,587
Water and Sewer										
Number of water consumers	10,581	10,941	11,009	11,133	11,236	11,349	11,461	11,528	11,598	11,647
Number of sewer accounts	8,470	8,889	9,111	11,886	9,053	9,142	9,229	9,319	9,387	9,444
Line inspections (feet)	789,266	687,246	574,136	641,941	377,081	214,789	141,503	189,370	409,254	59,634
Water meters installed/repaired/replaced	10,566	135	191	279	186	359	4,099.00	102	94	99
Transmitters installed/replaced	10,566	489	124	113	466	1,327	7,891.00	6,666	203	425
Gallons purchased from Ft. Worth (millions)	2,904,048	3,206,363	3,156,019	2,762,227	3,013,801	3,057,825	3,914,878	3,805,874	3,527,876	3,557,846
Gallons distributed (millions)	2,935,818	2,900,926	3,229,438	2,363,542	2,957,582	2,731,697	3,569,090	3,539,810	3,371,031	3,500,604
Maximum storage capacity (million of gallons)	21	21	21	21	21	21	21	21	21	21

Source: City Departments
Notes: N/A Data not available
[a]Includes residential, commercial, and miscellaneous (e.g. pools, fences) permits.

City of Southlake, Texas **Table 18**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police Stations	3	3	3	3	3	3	3	3	3	3
Police Patrol Units	25	25	25	25	21	23	20	23	23	23
Fire Stations	3	3	3	3	3	3	3	3	3	3
Police Motorcycle Units	5	5	5	5	5	5	5	5	5	4
Cultural and Recreational										
Parks	18	18	18	18	18	35	35	35	35	37
Playgrounds	6	6	6	7	7	6	7	7	7	7
Dog Park	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Tennis Courts	21	21	21	21	21	21	21	21	21	21
In-line hockey rink/turf field[a]	1	1	1	1	1	1	1	1	1	1
Ballfields	27	29	29	29	29	22	22	22	22	22
Soccer Fields	12	21	21	21	21	21	21	21	21	21
Nature Center	1	1	1	1	1	1	1	1	1	1
Pickleball courts	0	0	0	0	0	0	0	0	9	9
Water and Sewer										
Water Mains (miles)	290	284	298	301	304	293	294	296	304	314
Lift Stations	13	14	15	15	15	9	13	13	13	13
Sanitary Sewer Mains (miles)	209	212	216	218	220	220	222	223	224	224
Drainage, ditches/creeks (miles)	36	48	52	51	51	42	51	51	51	51
Fire hydrants	2,643	2,723	2,774	2,809	2,854	2,919	2,938	2,973	3,017	3,051
Water valves	7,154	7,360	7,553	7,673	7,818	8,023	8,104	8,212	8,309	8,401

Source: City Departments

Note: N/A - Data not available

[a]In-line hockey rink converted to turf field in 2020.